

ANNUAL REPORT
2009

MANU TĀWHIOWHIO >>

In many cultures the bird is a symbol of navigation. Manu Tāwhiowhio or 'bird satellite' stands proudly at the entrance to AUT University, symbolic of our role as navigator for our students, equipping them with the skills and values that will guide them toward successful careers.

WELCOME TO AUT UNIVERSITY

E ngā mana, e ngā reo, e ngā hau e whā
Tēnā koutou katoa.

Nau mai piki mai, haere mai ki Te Wānanga Aronui o
Tamaki Makau Rau.

Piki mai ki tēnei Whare Wānanga
Haere mai ki te whiriwhiri ngā kōrero ka hiki
tonu te mōhiotanga
Kia tutuki ai koe ki ngā whāinga o ngā whānau
me ngā iwi whānui o te ao.
Tēnā koutou katoa.

To the many communities of the world, greetings.

Welcome to AUT University.

Come to AUT to participate in discussion and higher
learning opportunities. Achieve your goals, those of your
family and those of the local and international community.

Tēnā koutou katoa.

TO FOSTER EXCELLENCE, EQUITY AND ETHICS
IN LEARNING, TEACHING, RESEARCH AND SCHOLARSHIP,
AND IN SO DOING SERVE OUR REGIONAL, NATIONAL
AND INTERNATIONAL COMMUNITIES.

TE WHAKATIPU TINO PŪKEKOTANGA, TAURITERITENGA
ME NGĀ MAHI TIKA O ROTO I TE AKOMANGA, WHAKAAKO,
RANGAHAU ME NGĀ POU MĀTAURANGA ME TE MEA HOKI
KA MANAAKITIA O TĀTAU ROHE, ME NGĀ HĀPORI O TE MOTU
ME ERA O TĀWAHI.

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CHANCELLOR'S FOREWORD



Auckland University of Technology completed an impressive first decade in 2009. We achieved the goals set out in our early days as a university – to develop an innovative curriculum, increase our research capabilities, shift our student profile towards higher education and actively engage with our stakeholders and communities. We developed our services to better meet student requirements and we successfully undertook and completed several major capital projects. AUT University is contributing significantly to New Zealand's social and economic development and is building an important national and international profile.

It has been a decade where many universities experienced minimal or negative growth. Despite this, AUT has grown steadily from 11,842 equivalent full time students (EFTS) in 2000 to 18,063 in 2009. The University has also been very active in building its share of the international student market, with students sourced from 89 countries. Domestic postgraduate numbers have increased over 400%, rising from 290 EFTS in 2000 to 1,491 EFTS in 2009. The University's first PhD candidate graduated in 2003 and since then the doctoral programme has grown substantially. In 2009, 37 students received their doctorates, with a further 390 candidates enrolled. One of AUT's goals has been to increase the proportion of students in higher education. In 2000, less than half of all students were enrolled in higher education programmes, with 54% of total EFTS at pre-degree level and only 2% at postgraduate level. In 2009, by contrast, 78% of students were enrolled in higher education programmes, of which 11% were at postgraduate level. This is positive evidence of AUT's continued growth and consolidation.

AUT's research performance has been critical to its development as a university and steady growth in research revenue underscores our emerging capabilities. Our growing reputation for providing innovative and practical solutions to current national issues is demonstrated by the successful delivery of projects to government departments, non-governmental organisations, District Health

Boards and regional councils. The University commercialises its discoveries wherever possible and as a result we have forged research alliances with major companies such as Fisher and Paykel, Fonterra and Telecom. In 2009, AUT had a diversity of research institutes specialising in areas such as Knowledge Engineering, Biotechnology, Public Policy and Biomedical Technologies. Recently, AUT's Institute for Radio Astronomy and Space Research installed New Zealand's first modern radio telescope. This is a key step in allowing New Zealand to make a joint bid with Australia to host the \$3.1 billion international Square Kilometre Array project which aims to build the world's largest telescope.

The long-awaited opening of the Manukau Campus in 2010 will be a significant milestone in the history of AUT. The development of Manukau Campus is a strong affirmation of our capability as a University, and our commitment to the educational hopes of Counties Manukau's diverse communities. The Campus will allow AUT University to build on the strong foundations we have to advance Māori and Pasifika tertiary education.

The University's achievements are grounded in the dedication and leadership of our staff, student and alumni communities. I wish to thank my colleagues on Council, the Vice-Chancellor and the Executive Management Team, all staff and indeed the student body for their contribution during a challenging and rewarding year. Their collective dedication to the University ensures that we begin our second decade with confidence, ready to influence an ever changing world.

A handwritten signature in dark ink, appearing to read 'Paul Reeves', with a stylized flourish at the end.

Sir Paul Reeves
Chancellor

KEY FACTS AND FIGURES

Note: The 2009 Annual Report is the first year that AUT University has reported Consumed (SDR) EFTS rather than Enrolled EFTS in its Key Facts and Figures, Statement of Resources and Statement of Service Performance.¹ This is to ensure the Annual Report better aligns with the Financial Statements and other Government reporting and monitoring requirements. Throughout this document, all EFTS figures for 2007, 2008 and 2009 have been calculated using Consumed (SDR) EFTS. Therefore, there are small differences in some figures included in this Report when compared with previous Annual Reports.

	2009 Budget	2009 Actual	2008 Actual	2007 Actual
MoE Domestic EFTS	14,033	14,767	13,573	12,893
Other SAC Funded EFTS ²	47	66	52	52
MoE Bulk-Funded EFTS	14,080	14,833	13,625	12,945
International EFTS	2,103	2,257	2,295	2,630
Total Ministry Funded Programme EFTS	16,183	17,090	15,920	15,575
Contract EFTS	349	109	148	171
Community Education EFTS	220	575	336	309
Total Programme EFTS	16,752	17,774	16,404	16,055
AUT International House EFTS	170	289	295	191
Total EFTS	16,922	18,063	16,699	16,246
Total Number of Students		26,002	24,484	24,174

DOMESTIC STUDENTS IN MINISTRY FUNDED PROGRAMMES

	2009	2008	2007
Ethnicity			
NZ European / Pakeha	42%	43%	43%
Māori	10%	9%	9%
Pasifika	11%	10%	10%
Asian	27%	27%	26%
Other	10%	11%	12%
Gender			
Female	62%	62%	61%
Male	38%	38%	39%
Age			
Under 25 years	61%	61%	60%
25 – 39 years	26%	25%	26%
40+ years	13%	14%	14%
Full-time / Part-time			
Full-time	66%	63%	62%
Part-time	34%	37%	38%

- 1 The difference in Consumed (SDR) EFTS is due to rolling EFTS (that is, those EFTS which span more than one calendar year). For Consumed (SDR) EFTS, if a student is enrolled in a course that starts in 2009 and ends in 2010, then the EFTS will be apportioned across the two years. With Enrolled EFTS, the student is counted as a 2009 enrolment only and no EFTS are carried over to 2010
- 2 This includes International MoE Research EFTS and Onshore International PhD EFTS

EFTS BY FACULTIES

	2009 Budget	2009 Actual	2008 Actual	2007 Actual
Faculty of Applied Humanities	3,511	3,528	3,288	3,307
Faculty of Business and Law	4,398	4,722	4,361	4,284
Faculty of Design and Creative Technologies	3,899	4,274	3,903	3,864
Faculty of Health and Environmental Sciences	4,430	4,572	4,250	4,032
Te Ara Poutama	77	88	83	93
AUT International House	170	289	295	191
University Programmes	437	590	519	475
Total	16,922	18,063	16,699	16,246

DOMESTIC EFTS

	2009 EFTS	2008 EFTS	2007 EFTS
Ministry Funded Programmes			
Postgraduate	1,491	1,173	835
Undergraduate	10,118	8,650	7,819
Pre-degree	3,129	3,714	4,199
Not Categorised	29	36	39
	14,767	13,573	12,892

INTERNATIONAL STUDENTS IN MINISTRY FUNDED PROGRAMMES

International students were enrolled from 89 countries. The top ten are listed below.

	2009 Numbers	2009 Percentage	2008 Percentage
China	1,001	33%	37%
India	621	21%	19%
South Korea	221	7%	8%
Malaysia	114	4%	4%
Russia	106	4%	3%
Vietnam	100	3%	3%
Taiwan	91	3%	3%
Saudi Arabia ³	86	3%	1%
Hong Kong	65	2%	2%
Republic of Fiji	60	2%	2%
Other (79 countries)	535	18%	18%
Total International Students in Ministry Funded Programmes	3,000		

³ Saudi Arabia entered the top ten countries in 2009 after placing 13th in 2008. United States of America was in the top ten in 2008 but dropped to 14th place in 2009

QUALIFICATIONS AWARDED

	2009	2008	2007
Doctorates	37	24	16
Masters	597	321	294
Honours, Postgraduate Diplomas and Postgraduate Certificates	777	368	290
Degrees, Graduate Diplomas and Graduate Certificates	4,126	3,327	2,699
Diplomas	1,413	1,166	1,098
Certificates	1,097	2,319	1,854
Total Qualifications Awarded	8,047	7,525	6,251

RESEARCH

	2009 Actual	2008 Actual	2007 Actual
Total Research Outputs	2,159	1,988	1,841
External Research Funding ⁴	\$10.6M	\$8.1M	\$7.1M
Performance Based Research Fund (PBRF)	\$6.7M	\$6.5M	\$5.4M

PBRF funding reflects revenue earned as a result of the University's research performance in the reported year and includes the wash-up paid in a subsequent year. For 2009, PBRF monies are provisional and do not include the 2009 wash-up which is due to be paid in 2010. These figures therefore differ from those reported for Performance Measure 3.3 and the Notes to the Income Statement.

STAFFING

	2009 Actual	2008 Actual	2007 Actual
Student/Staff Ratio			
<i>Total EFTS/Total FTE Academic Staff</i>	18.8:1	16.8:1	16.6:1

⁴ External Research Funding represents the total amount of external research funding reported (as earned) in each year

OVERVIEW

VICE-CHANCELLOR'S REPORT



The completion of AUT University's first decade as a university is an opportune time to reflect on the year's achievements and how they position us for the next decade. 2010 will be a significant year for AUT as we prepare a new Strategic Plan, one which builds on our successes and is informed by the directions laid out in the new Tertiary Education Strategy 2010 – 2015.⁵ The Government has indicated that for the foreseeable future the tertiary education sector will be working within a restricted fiscal environment. This has caused deep concern within New Zealand's university sector, especially in light of the challenges we already face. These include constrained funding with low overall inflationary increases, controlled maximum fee levels and, for AUT in particular, the movement of students into higher cost programmes. Although these issues will continue to test the tertiary sector in the next decade, AUT University faces the future with confidence. A major reason for our continued success is the ability to turn difficult circumstances into opportunities for innovation and growth. The University needs to concentrate on its core values, ensuring that all activities contribute to New Zealand's economic and social transformation goals.

The financial management and performance of the University in 2009 was solid despite economic pressures on the university sector. AUT met all its financial covenants, some by a significant margin. The net surplus of \$8 million was a 69% improvement on the 2008 surplus of \$5 million and was 8% ahead of budget. Revenue increased by \$23 million, reflecting strong growth in domestic enrolments. This was offset by an increase in expenditure of \$20 million mainly to support this growth. The University also made good progress towards achieving the terms of its suspensory loan agreements. AUT successfully converted two-thirds of its \$25 million Suspensory Loan for the Manukau Campus development in 2009. It is likely that in 2010 AUT will meet the conditions for converting the final third of this loan and will be eligible for the early conversion of part of the \$50 million Suspensory Loan to advance research culture and capability. Looking forward, however, the University's ability to capitalise on its recent strong performance will be constrained by significant reductions in a number of targeted funds from 2010 and the disestablishment in 2011 of the University Tripartite Adjustment Fund. The challenge will

be to remain fiscally prudent while ensuring the student experience is not compromised. This will require careful planning, openness to change and a continuing re-examination of how we operate.

AUT University aims to be at the forefront of contemporary approaches to learning and teaching, providing education that inspires students to reach their full potential. This goal was manifested in a number of ways in 2009. Increased emphasis was given to ensuring the University's physical spaces were adapted flexibly in order to take advantage of digital technologies. When undertaking its major capital projects for 2009, the University consulted with staff and students, alongside planners and architects, to capture user perspectives and ensure the University offers a first class, future-proofed learning environment. The University continued to develop the quality and relevance of its curriculum. Student choice increased with the introduction of new undergraduate and postgraduate qualifications and subject areas, including the Bachelor of Laws. Modes of curriculum delivery were also enhanced so that, by the end of 2009, all papers had an AUTonline presence, providing standardised course information in an accessible, consistent format. Several courses now have entirely online assignment submission and marking processes. E-portfolios were also piloted with up to 1,000 students across three faculties submitting their portfolios online. The benefits of e-portfolios include the ability to collate, organise, showcase, and re-use digital artefacts. Currently they are used by students for reflective journals, assessment and submission.

Several initiatives underscored AUT's commitment to excellence in teaching. The Resources to Enhance Learning and Teaching contestable grants fund attracted successful bids from 13 project teams. The outcomes of these projects included the development of an interactive professional reasoning tool for healthcare students, the publication of multimedia material on iTunes U, and the development of online learning logs for the postgraduate Tohu Whairawa (Māori Business and Enterprise) programme. As in previous years, the 2009 Vice-Chancellor's Awards for Excellence in Teaching were characterised by high calibre candidates and awards were made to staff from the School of Hospitality, Faculty of Business and Law, and the School of

Dance, reflecting the diversity of good practice to be found at AUT. The Awards continue to be a high profile vehicle by which teaching is valued within the University. The University also undertook a review of its Learning and Teaching Framework in 2009, in light of changes that have taken place within the University and in international good practice. In 2010, and alongside the development of the University's new Strategic Plan, this review will inform the long-term framework and plan for learning and teaching. This will draw on AUT's strengths in using and, more importantly, adapting digital technologies to radically transform the educational experience.

The implementation of AUT's Research Development Plan resulted in a high level of research activity in 2009. Some highlights include \$2.3 million in funding from the Health Research Council of New Zealand (HRC) for Professor Valery Feigin's work on traumatic brain injury. Professor Max Abbott was the recipient of a \$1.1 million Ministry of Health (MoH) grant to investigate problem gambling and Professor Grant Schofield received \$0.9 million from HRC and MoH to research primary care and workplace interventions. AUT partnered with the University of Auckland and received \$755,000 from the Foundation for Research, Science and Technology (FRST) for research on magnesium and titanium materials. AUT's partnership with the University of Waikato to accelerate the growth of Māori and Pasifika doctoral fellows resulted in funding of \$540,000 from the Tertiary Education Commission's (TEC) Priorities for Focus fund. Dr Helen Tregidga was also awarded \$300,000 from the Royal Society of New Zealand's Marsden Fund for her work on the adoption and substance of 'green' narratives in business.

AUT's reputation for delivering innovative solutions to national issues was evidenced by our researchers' selection as preferred providers of a number of contestable Government tenders. In 2009, AUT successfully delivered projects for the Ministries of Education, Justice, Women's Affairs, Fisheries, and Economic Development, as well as various non-governmental organisations, District Health Boards and regional councils. Staff and students also worked with a wide range of private sector companies, from New Zealand technology start-ups such as Pulsecor and Pingar to well-established heavyweights including Fonterra and Les Mills International.

AUT's ongoing engagement with the private sector was recognised by a number of FRST funded applied research studentships, hosted by New Zealand businesses. TechNZ also supported the placement of a number of AUT postgraduate students in employment with research active New Zealand businesses through their Postgraduate Internship Scheme. The University's applied, transdisciplinary approach to research and our active engagement with industry partners ensures that AUT can capitalise on latent and real synergies between the two. Although our research capabilities are still growing, we occupy a unique position in New Zealand's research and technology sector, one that we expect to develop in the immediate future.

Great strides were made in advancing our international research profile in 2009, particularly through the successful negotiation of new collaborative agreements. AUT's Knowledge Engineering and Discovery Institute (KEDRI) joined two Chinese universities, Xinjiang University and Shanghai Jiao Tong University in a tripartite agreement for the exchange of PhD researchers. AUT obtained Federal Wide Assurance accreditation from the US Department of Health and Human Services to support growth in clinical studies evaluating the efficacy of interventions, devices and nutraceuticals. A World Health Organisation Quality of Life Centre was established within the Faculty of Health and Environmental Sciences.

AUT focussed on consolidating and building strategic relationships within the Asia-Pacific region in 2009. The University renewed agreements with key partners in Thailand, Vietnam, Indonesia, Chile and China, resulting in a noticeable increase in applications for postgraduate study from these countries. Student mobility was enhanced with new agreements for student exchange and study abroad with universities in the United States and the Philippines. AUT's research profile in the Asia-Pacific region was further enhanced by the Institute of Public Policy's work with the Secretariat of the Pacific Community, the United Nations Development Programme and AusAID. Professor Marilyn Waring was appointed to the latter's Gender Equality Support Services Panel.

AUT University also hosted a number of high profile delegations and symposia in 2009

including the annual Australia/New Zealand Financial Aid Administrators (ANZFAA) Conference, the Brazil Business Forum in Auckland, Christchurch and Wellington, and visits by the Austrian Ambassador to New Zealand and the Thai Minister of Foreign Affairs. These all contributed significantly to raising the University's international profile. Following a visit to AUT University by the Russian Ambassador to New Zealand, the Vice-Chancellor visited Moscow in late 2009 with the aim of building long-term relationships with leading tertiary institutions. Memorandums of Understanding were signed with Lomonosov Moscow State University, the Moscow State Institute of Radio-Engineering, Electronics and Automation, and the International University of Moscow. These relationships will further promote two-way flow of academics and students between Auckland and Moscow and complement the University's international student recruitment activities in Russia – currently the fifth largest source market for AUT.

To support escalating research activity and international collaboration, the University implemented a number of changes to support services in 2009. A comprehensive review of the University's frameworks for research and consultancy resulted in the consolidation of the two areas, providing a mechanism by which a portion of the resulting external income can be reinvested to build AUT's research capacity. The revised framework aims to improve the speed, transparency and accountability of these activities and will be piloted in 2010. AUT investigated an integrated research management system in 2009 to streamline the process for externally funded research. A Performance Based Research Fund (PBRF) manager was appointed to support academic staff when compiling their PBRF portfolios. This will ensure AUT's researchers are well prepared for the next major round in 2012, building on the gains already made in AUT's quality score. In addition, the University's diverse international sections, including recruitment, relations, mobility and English language preparation, were brought together under the AUT International brand, ensuring a co-ordinated approach between all branches of the University working with the international student market.

AUT's commitment to Māori advancement is central to the University's ethos. The seventh biennial AUT Māori Expo was held in August

and attracted more than 20,000 people. The Expo focussed on inspiration, empowerment and the celebration of Māori achievements and featured stands from all eight universities, as well as several Institutes of Technology, polytechnics and wānanga. The Expo is one of the mechanisms by which AUT plays an active role in promoting Māori success, as well as access to education and careers. The Hon Dr Pita Sharples, Minister of Māori Affairs and Associate Minister of Education, praised AUT's commitment to the event and its positive impact.

Te Ipukarea: The National Māori Language Institute continued to increase its national profile in 2009. Toku Reo, the 100 episode Māori language series screened on Māori Television, was launched early in the year to wide acclaim. Scripts were developed by senior postgraduate students in conjunction with academic staff and the material now forms part of the corpus of digital material available as part of Te Whanake website, the largest single repository of free-to-access digital resources for the teaching of te reo Māori.

AUT University aims to be the 'university of choice' for both Māori and Pasifika. To achieve this during 2009, the University continued to conduct research of benefit to Māori and Pasifika; promote access and success for Māori and Pasifika students and staff at AUT; value and promote te reo and tikanga Māori; and build effective relationships with mana whenua, iwi and wider Māori and Pasifika communities.

Several research projects were completed in 2009, including the FRST funded Kupu Arotau on the genesis of loan words in te reo and an HRC funded project on Māori health indicators. Access to Pacific research was boosted with the launch of the first Bibliographic Index of Pacific Theses. The Pacific Islands Family Study, in its ninth year, was recognised with the Vice-Chancellor's Special Award for Research Excellence. The University's intentions to foster more Māori and Pasifika research and scholarship were realised with several strategic appointments in 2009. These included Dr Teorongonui Josie Keelan who was promoted to Tumuaki of Te Ara Poutama, Tagaloatele Professor Peggy Fairbairn-Dunlop who was appointed Foundation Professor of Pacific Studies, and two TEC funded Te Wheke a Toi fellowships enabling Fellows to develop innovative supervision and mentoring skills in preparation for future academic careers.

AUT continued to provide support for its Māori and Pasifika postgraduate students through the Māori and Pasifika Postgraduate Wānanga Series. Ten weekend wānanga and two residential PhD writing retreats were held in 2009. These events were also supplemented by a symposium for postgraduate students to encourage knowledge exchange regarding research activities.

The University's community engagement activities were rapidly expanded through the Agents of Change programme in 2009. This is a series of interrelated projects aimed at increasing secondary students' engagement with learning. In 2009, this included a training programme for Māori prefects and a new SHINE Sport project focussed on supporting disabled teenage athletes. Males in Education Now (M.E.N.) was a new initiative with Year 10 boys using a variety of practical learning methods to encourage them to enjoy learning and stay focussed at school. Current AUT students act as mentors and role models for Agents of Change as many of its participants come from areas with low rates of participation in tertiary education. Alongside Agents of Change, a research project will investigate the most effective methods of ensuring students stay engaged with learning. Findings will inform AUT's current engagement practices and contribute to a growing body of literature on youth development.

Planning for the establishment of Manukau Campus in 2009 provided an important opportunity for AUT to identify and strengthen its relationships with the communities of Counties Manukau, particularly mana whenua and Pasifika communities. AUT developed a strong relationship with Manukau City Council, particularly through its Te Tiriti o Waitangi committee and the Mana Whenua forum. AUT conducted hui, fono and focus group interviews with Māori, Pasifika and other ethnic, social, business and education leaders in Counties Manukau to ensure that the communities' perspectives were incorporated into the development and planning of the Campus, including the mix of courses to be offered. The University commenced a significant refurbishment of the buildings on Manukau Campus during the year in order to convert them from office buildings into spaces for research and teaching. This work is scheduled for completion in February 2010 in time for the opening of the Campus. Securing the long-term

sustainability of the Campus will be a key activity of the University over the next decade. We are in no doubt it will be a visible, active and responsive facility, interacting in and with the community and the rest of the tertiary education sector.

In 2009, AUT developed its Capital Asset Management Plan 2010 – 2020 which is derived from and supports the strategic direction of the University. This will ensure a positive legacy for AUT's stakeholders, both present and future generations. 2009 campus developments included the purchase of a previously leased building on Wakefield Street and the conversion of car parks to teaching and research space in the Science and Technology Building. A new lecture theatre and conference centre complex was also completed on the North Shore Campus.

Another major development for the University from 2009 onwards is its partnership with the Millennium Institute of Sport and Health (MISH).⁶ Building on a long-standing relationship between the two organisations, the partnership allows AUT equal interest in the facility and benefits both organisations through opportunities for collaborative research into high performance sport, athlete development and public health. In turn, New Zealand's elite athletes benefit from the use of world class training facilities, sports science and medical and dietary support.

Further evidence of AUT's significant contribution to the Auckland region, to New Zealand and to the world can be found throughout this Annual Report. The achievements of 2009 exemplify the developments of the University since 2000. We begin our second decade with a clear direction and growing recognition of our unique contribution to New Zealand's tertiary sector.



Derek McCormack
Vice-Chancellor

6 In 2009, the University invested land and capital in the AUT Millennium Ownership Trust

FINANCIAL REVIEW

For the Year Ended 31 December 2009

KEY FINANCIAL INDICATORS

EFTS

	2009 Actual	University 2009 Budget	2008 Actual
MoE Domestic	14,767	14,033	13,573
Other SAC Funded ⁷	66	47	52
MoE Bulk-Funded	14,833	14,080	13,625
International	2,257	2,103	2,295
Other	973	739	779
Total EFTS	18,063	16,922	16,699

Operations

	\$000s	\$000s	\$000s
Total revenue	260,122	253,210	236,834
Total expenses before interest and finance charges	248,218	241,265	227,017
Surplus before interest and finance charges	11,904	11,945	9,817
Interest and finance charges			
Interest on borrowings	1,068	1,860	2,400
Finance charges on finance leases	2,788	2,825	3,024
Less: Capitalised Interest	(182)	(320)	(473)
Total interest and finance charges	3,674	4,365	4,951
Total expenses	251,892	245,630	231,968
Net surplus	8,230	7,580	4,866

Cash Flows

Operating cash receipts	268,739	253,260	236,839
Operating cash payments	216,651	218,905	210,654
Net cash flows	52,088	34,355	26,185

Property, Plant & Equipment – net book value

462,477	469,288	448,163
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Debt

Bank borrowings	48,700	58,200	46,200
Finance leases – current	5,273	5,908	5,908
Finance leases – term	37,835	41,245	40,345
Total debt	91,808	105,353	92,453

Equity

337,291	336,421	328,841
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Operating Ratios

Net surplus/revenue	3.2%	3.0%	2.1%
Cash ratio	124%	116%	112%
Interest cover ratio	3.1	2.6	1.8

Capital Ratios

Debt cover ratio	1.8	3.1	3.5
Debt/debt + equity	21%	24%	22%

⁷ This includes International MoE Research EFTS and Onshore International PhD EFTS

STATEMENT OF MANAGEMENT RESPONSIBILITY

For the Year Ended 31 December 2009

In terms of the Education Act 1989 and the Crown Entities Act 2004 we certify that:

We have been responsible for the preparation of these statements of service performance and these Financial Statements for Auckland University of Technology and Group and the judgements used therein; and

We have been responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance reporting and financial reporting; and

We are of the opinion that these statements of service performance and these Financial Statements fairly reflect the financial position for Auckland University of Technology and Group at 31 December 2009 and the results of the operations for the year ended 31 December 2009.



Sir Paul Reeves
Council Chairperson



Derek McCormack
Vice-Chancellor

29 March 2010

AUDIT REPORT

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

To the readers of Auckland University of Technology and group's financial statements and performance information for the year ended 31 December 2009.

The Auditor-General is the auditor of Auckland University of Technology (the University) and group. The Auditor-General has appointed me, John Scott, using the staff and resources of Audit New Zealand, to carry out the audit on her behalf. The audit covers the financial statements and statement of service performance included in the annual report of the University and group for the year ended 31 December 2009.

UNQUALIFIED OPINION

In our opinion:

- the financial statements of the University and group on pages 49 to 97:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect :
 - the University and group's financial position as at 31 December 2009; and
 - the results of operations and cash flows for the year ended on that date.
- the performance information of the University and group on pages 31 to 48 fairly reflects its service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 29 March 2010, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

BASIS OF OPINION

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement and statement of service performance disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support our opinion above.

RESPONSIBILITIES OF THE COUNCIL AND THE AUDITOR

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the University and group as at 31 December 2009. They must also fairly reflect the results of operations and cash flows for the year ended on that date. The Council is also responsible for preparing performance information that fairly reflects the service performance achievements for the year ended 31 December 2009. The Council's responsibilities arise from the Education Act 1989 and the Crown Entities Act 2004.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

INDEPENDENCE

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in the University or any of its subsidiaries.



John Scott
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

MATTERS RELATING TO THE ELECTRONIC PRESENTATION OF THE AUDITED FINANCIAL STATEMENTS, PERFORMANCE INFORMATION

This audit report relates to the financial statements and performance information of Auckland University of Technology and group for the year ended 31 December 2009 included on Auckland University of Technology and group's website. The Auckland University of Technology and group's Council is responsible for the maintenance and integrity of Auckland University of Technology and group's website. We have not been engaged to report on the integrity of Auckland University of Technology and group's website. We accept no responsibility for any changes that may have occurred to the financial statements and performance information since they were initially presented on the website.

The audit report refers only to the financial statements and performance information named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and performance information. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and performance information as well as the related audit report dated 29 March 2010 to confirm the information included in the audited financial statements and performance information presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.



REPORTS

FACULTY OF APPLIED HUMANITIES

Dean: **Professor Nigel Hemmington**

The Faculty of Applied Humanities offers a range of pre-degree, undergraduate and postgraduate programmes with a focus on the humanities and the human services sectors, and with a strong emphasis on applied learning that prepares graduates for professional and personal success.

School of Education
Head of School: **Jay Reid**

School of Hospitality and Tourism
Head of School: **Linda O'Neill**

School of Languages and Social Sciences
Head of School: **Dr Sharon Harvey**

Institute of Public Policy
Director: **David Wilson**

New Zealand Tourism Research Institute
Director: **Professor Simon Milne**

Deputy Dean:
Linda O'Neill

Associate Deans:
Sharon Harvey
Linda O'Neill
Jay Reid

Professors:
Allan Bell
John Bitchener
Charles Crothers
Peggy Fairbairn-Dunlop
Nigel Hemmington
Simon Milne
Mark Orams
Ian Shirley
Marilyn Waring

Associate Professors:
Andy Begg
Love Chile
Nesta Devine
Sharon Graham Davies
Michael Luck

KEY FACTS

	2009 Actual	2008 Actual
Enrolments		
Ministry Funded EFTS	2,952	2,712
International EFTS	463	445
Other EFTS	113	131
Total Programme EFTS	3,528	3,288
Taught EFTS	3,483	3,082
MoE Bulk-Funded Taught EFTS	3,220	2,960
Academic staff FTE	182	191
Student:Staff ratio	19.1:1	16.1:1
Research		
No. of research outputs	280	336
External research grants ⁸	\$956,704	\$847,221
Financial		
Faculty costs	\$000	\$000
Faculty costs	23,449	20,649
Administrative costs ⁹	12,483	10,740
Total Costs	35,932	31,389
Less recoveries	2,720	1,700
Net cost of service	33,212	29,689
Net cost of service per EFTS ¹⁰	\$10,314	\$10,030

⁸ External research grants comprise the total amount of external research funding (exclusive of Performance Based Research Fund monies) reported as earned by each faculty in each year

⁹ Property usage charges are included in administrative costs. In the 2008 Annual Report, these were charged directly to the faculties. The 2008 figures reported here have been restated to align with the new reporting method

¹⁰ Net cost of service per EFTS is calculated using MoE Bulk-Funded Taught EFTS

FACULTY OF BUSINESS AND LAW

Dean: **Professor Des Graydon**

The Faculty of Business and Law offers tuition in a comprehensive range of business disciplines. All programmes in the Faculty have a strong emphasis on applied learning and our academic staff provide innovative, research-led teaching that helps prepare graduates for the demands of professional business practice. The Faculty includes the fastest growing business school in New Zealand and has developed significant business research capability with over thirty professorial staff with expertise in a wide range of related disciplines.

School of Business

Dean: **Professor Des Graydon**

Programme Directors

Bachelor of Business: **Jenny Bygrave**

Master of Business: **Dr Geoff Perry**

Master of Business Administration: **Ken Lee**

Centre for Business Interdisciplinary Studies: **Catherine Vile**

Chairs of Disciplines

Accounting: **Professor Keith Hooper**

Business Information Systems: **Professor Felix Tan**

Economics: **Dr Geoff Perry**

Finance: **Professor Alireza Tourani-Rad**

International Business: **Professor Peter Enderwick**

Management: **Professor Erling Rasmussen**

Marketing: **Professor Roger Marshall**

School of Law

Dean: **Professor Ian Eagles**

Programme Directors

Undergraduate Programmes: **Mike French**

Postgraduate Programmes: **Professor Louise Longdin**

New Zealand Work and Labour Market Institute

Director: **Professor Ray Markey**

Deputy Dean:

Jenny Bygrave

Associate Deans:

Andy Godfrey

Bruce Jones

Ray Markey

Geoff Perry

Roger Stokell

Professors:

Trish Corner

Noel Cox

Bill Doolin

Ian Eagles

Peter Enderwick

Des Graydon

Keith Hooper

Kate Kearins

Louise Longdin

Dimitri Margaritis

Ray Markey

Roger Marshall

Deryl Northcott

Chris Ohms

Judith Pringle

Erling Rasmussen

Alireza Tourani-Rad

Associate Professors:

Brett Collins

Margaret Craig-Lees

Bart Frijns

Sonjaya Gaur

Ahsan Habib

Coral Ingley

Felicity Lamm

Romie Littrell

Ming-Hua Liu

Keith Macky

Simon Mowatt

Andrew Parsons

Edwina Pio

Peiming Wang

William Wang

Don Webber

Nevan Wright

Adjunct Professors:

Don Brash

Vikram Murthy

Lee Parker

Arch Woodside

Shuming Zhao

KEY FACTS

Enrolments

Ministry Funded EFTS

International EFTS

Other EFTS

Total Programme EFTS

Taught EFTS

MoE Bulk-Funded Taught EFTS

Academic staff FTE

Student:Staff ratio

Research

No. of research outputs

External research grants¹¹

Financial

Faculty costs

Administrative costs¹²

Total Costs

Less recoveries

Net cost of service

Net cost of service per EFTS¹³

	2009 Actual	2008 Actual
Ministry Funded EFTS	3,557	3,233
International EFTS	981	1,120
Other EFTS	184	8
Total Programme EFTS	4,722	4,361
Taught EFTS	4,561	4,316
MoE Bulk-Funded Taught EFTS	4,531	4,301
Academic staff FTE	170	169
Student:Staff ratio	26.8:1	25.5:1
No. of research outputs	386	403
External research grants ¹¹	\$116,372	\$80,797
Faculty costs	\$000	\$000
Administrative costs ¹²	27,882	25,126
	14,070	13,187
Total Costs	41,952	38,313
Less recoveries	188	608
Net cost of service	41,764	37,705
Net cost of service per EFTS ¹³	\$9,217	\$8,767

¹¹ As per footnote 8

¹² As per footnote 9

¹³ As per footnote 10

FACULTY OF DESIGN AND CREATIVE TECHNOLOGIES

Dean: **Dr Kathryn Garden** (to August 2009)

Acting Dean: **Professor Desna Jury** (from September 2009)

The Faculty of Design and Creative Technologies produces graduates with the knowledge, capabilities and attitudes to contribute to wealth creation in the creative industries. Creative industries include art, design, communications, computing, engineering, and product and service development based on bioinformatics, mechatronics, electrotechnology, software engineering, information technology, digital media content, computer sciences, mathematical modelling and statistics. The Faculty engages in research and scholarship that is closely linked to industry needs and which solves problems, stimulates development and leverages opportunities in the creative industries.

School of Art and Design

Head of School: **Desna Jury**

School of Communication Studies

Head of School: **Dr Alan Cocker**

School of Computing and Mathematical Sciences

Head of School: **Professor Ajit Narayanan**

School of Engineering

Head of School: **Professor Thomas Neitzert** (Semester 1, 2009)

Acting Head of School: **Dr Guy Littlefair** (Semester 2, 2009)

Creative Industries Research Institute

Director: **Professor Olaf Diegel**

Institute for Biomedical Technologies (IBTec)

Director: **Professor Ahmed Al-Jumaily**

Institute for Industrial Innovation (I-Cubed)

Director: **Professor Darius Singh**

Institute for Radio Astronomy and Space Research

Director: **Professor Sergei Gulyaev**

Knowledge Engineering and Discovery Research Institute

Director: **Professor Nikola Kasabov**

Interdisciplinary Unit

Director: **Associate Professor Charles Walker**

Deputy Dean:

Desna Jury

Associate Deans:

Olaf Diegel

Mark Jackson

Barry King

Professors:

Adnan Al-Anbuky

Ahmed Al-Jumaily

Olaf Diegel

Alvis Fong

Sergei Gulyaev

Nikola Kasabov

Barry King

Stephen MacDonell

Ajit Narayanan

Thomas Neitzert

Krishnamachar Prasad

Philip Sallis

Darius Singh

Leong Yap

Albert (Wai) Yeap

Associate Professors:

Vasanatha Abeysekera

Christopher Braddock

Jiling Cao

Zhan Chen

Nancy de Freitas

Tina Engels-Schwarzpaul

Joan Farrer

Martin Hirst

Wayne Hope

Welby Ings

Mark Jackson

Frances Joseph

Sergiy Klymchuk

Tek Tjing Lie

Sigrid Norris

David Robie

Andy Thomson

Charles Walker

David Wilson

Adjunct Professors:

Elizabeth Grierson

Jeffrey Hunter

KEY FACTS

Enrolments

Ministry Funded EFTS

International EFTS

Other EFTS

Total Programme EFTS

Taught EFTS

MoE Bulk-Funded Taught EFTS

Academic staff FTE

Student:Staff ratio

Research

No. of research outputs

External research grants¹⁴

Financial

Faculty costs

Administrative costs¹⁵

Total Costs

Less recoveries

Net cost of service

Net cost of service per EFTS¹⁶

2009 Actual	2008 Actual
3,691	3,405
533	446
50	52
4,274	3,903
4,718	4,364
4,605	4,288
250	272
18.9:1	16.0:1
913	510
\$2,155,480	\$1,336,736
\$000	\$000
36,480	34,059
19,224	18,741
55,704	52,800
600	625
55,104	52,175
\$11,966	\$12,168

¹⁴ As per footnote 8

¹⁵ As per footnote 9

¹⁶ As per footnote 10

FACULTY OF HEALTH AND ENVIRONMENTAL SCIENCES

Dean: **Professor Max Abbott**

The Faculty of Health and Environmental Sciences is New Zealand's largest and most diverse health science education provider and is deeply involved in issues that affect the whole community. The Faculty prepares graduates to enter a wide variety of health, sport and recreation, and applied science professions. It also conducts research to advance scientific knowledge and professional practice in these areas and it provides postgraduate and continuing education for practitioners. In these and other ways, it seeks to enhance the health and wellbeing of New Zealanders and the environment in which they live.

School of Applied Sciences
Head of School: **Dr Roger Whiting**

School of Health Care Practice
Head of School: **Naumai Smith**

School of Public Health and Psychosocial Studies
Head of School: **Professor Janis Paterson**

School of Rehabilitation and Occupation Studies
Head of School: **Dr Duncan Reid**

School of Sport and Recreation
Head of School: **Dr Henry Duncan**

Biotechnology Research Institute
Director: **Professor Stephen Henry**

Earth and Oceanic Sciences Research Institute
Director: **Dr Steve O'Shea**

Health and Rehabilitation Research Centre
Director: **Professor Peter McNair**

Institute of Sport and Recreation Research New Zealand
Director: **Professor John Cronin**

National Institute for Public Health and Mental Health Research
Directors: **Professor Max Abbott and Professor Janis Paterson**

Associate Deans:
Geoff Dickson
Stanley Frielick
Kate Haswell
Marion Jones

Professors:
Max Abbott
John Brooks
John Cronin
Valery Feigin
Stephen Henry
Will Hopkins
Patria Hume
Jane Koziol-McLain
Peter McNair
Kathryn McPherson
Janis Paterson
Keith Rome
Elaine Rush
Philip Schluter
Grant Schofield
David Seedhouse

Associate Professors:
Stephen Appel
Simeon Cairns
Kate Diesfeld
Lynne Giddings
Wayne Hing
Clare Hocking
Marion Jones
Justin Keogh
Andrew Kilding
Theresa Madden
Yang Shigang
John F. Smith
Liz Smythe
Denise Taylor
Owen Young

Visiting Professors:
Kerry Mummery
Pierre Portero
Johana Prawitasari

Adjunct Professors:
Clive Aspin
Paul Bennett
Rex Billington
Brian Broom
J.E. Lindsay Carter
Dawn Foreman
Ian Freckleton
Richard Gajdosik
Frances Hughes
Gregory Kolt
Paul Laursen
Paul MacDonald
Michael McGuigan
Jan McMillen
William K. Mummery
Anne Passmore
John Raeburn
Brian Robinson
Johan Rosman
Jill Thistlewaite
Rex Thompson
Lynne Turner-Stokes
Rachel Volberg
Barry Wilson

KEY FACTS

	2009 Actual	2008 Actual
Enrolments		
Ministry Funded EFTS	4,065	3,764
International EFTS	267	232
Other EFTS	240	254
Total Programme EFTS	4,572	4,250
Taught EFTS	4,636	4,285
MoE Bulk-Funded Taught EFTS	4,399	4,039
Academic staff FTE	285	280
Student:Staff ratio	16.3:1	15.3:1
Research		
No. of research outputs	549	706
External research grants ¹⁷	\$5,523,435	\$4,052,580
Financial		
Faculty costs	\$000	\$000
Faculty costs	33,800	30,929
Administrative costs ¹⁸	20,993	15,568
Total Costs	54,793	46,297
Less recoveries	1,417	1,285
Net cost of service	53,376	45,012
Net cost of service per EFTS ¹⁹	\$12,134	\$11,144

¹⁷ As per footnote 8

¹⁸ As per footnote 9

¹⁹ As per footnote 10

TE ARA POUTAMA

Tumuaki:
Teorongonui Josie Keelan
from October 2009

Professors:
Tania Ka'ai
Paul Moon
John Moorfield

Associate Professor:
Pare Keiha

Dean: **Associate Professor Pare Keiha**

Te Ara Poutama, the Faculty of Māori Development, offers programmes that address the identity and leadership aspirations of its students. These programmes reflect the best principles of life-long learning and are delivered in accord with tikanga Māori.

The faculty has a growing reputation for technologically enhanced and innovative teaching. Amongst those innovations is the work developed by Professors Moorfield and Ka'ai and the work of Te Ipukarea: The National Māori Language Institute. Te Ara Poutama staff and postgraduate students assisted with script writing for Toku Reo, a 100 episode Māori language series screened on Māori Television. The series now forms part of the largest corpus of free access Māori language teaching resources and is available at www.tewhanake.maori.nz. The development of such resources provides unique opportunities for preparing graduates who are digitally literate, as well as professionally and culturally grounded.

Te Ara Poutama staff research and teach in key aspects of Māori development, including business, policy, youth development, te reo Māori, digital technology, and media. The Faculty has a strong commitment to supporting the growth and development of its students and their whānau, hapu and iwi and its research is significantly influenced by that commitment.

KEY FACTS

	2009 Actual	2008 Actual
Enrolments		
Ministry Funded EFTS	88	83
International EFTS	-	-
Other EFTS	-	-
Total Programme EFTS	88	83
Taught EFTS	260	235
MoE Bulk-Funded Taught EFTS	247	232
Academic staff FTE	17	17
Student:Staff ratio	15.3:1	13.8:1
Research		
No. of research outputs	17	23
External research grants ²⁰	\$688,427	\$779,312
Financial		
Faculty costs	\$000	\$000
Administrative costs ²¹	1,915	1,817
	897	828
Total Costs	2,812	2,645
Less recoveries	48	90
Net cost of service	2,764	2,555
Net cost of service per EFTS ²²	\$11,190	\$11,013

²⁰ As per footnote 8

²¹ As per footnote 9

²² As per footnote 10

EQUAL OPPORTUNITIES

OVERVIEW

AUT University continues to build on established activities in support of equal opportunities. In 2009, a University-wide review of Equity was undertaken and the resulting recommendations confirmed both the consolidation of current best practice and expansion of new initiatives. These include postgraduate student recruitment and support, curriculum re-design, workforce development and the implementation of the Disability Code of Practice 'Kia Orite – Achieving Equity'.

The Tertiary Education Commission's (TEC) Equity Fund is used to support Māori, Pasifika and students with disabilities. The University also contributes substantial resources to the delivery of its Equity responses, confirming its commitment to Equal Opportunities and positioning itself as a leader in the sub-sector for the support of its equity groups.

The University's commitment to equal opportunities is clearly articulated in our Investment Plan 2008-2010.

AUT University must continue to provide opportunities for the diverse communities that it serves. The University will seek to build on its Māori and Pasifika student outcomes, which already exceed the university sub-sector average, as well as providing opportunities for students with disability, new migrants and other communities.²³

STUDENTS

AUT University is pleased with its results from TEC's most recent 2009 Progress Monitoring Report, in particular those results that relate to Māori and Pasifika student outcomes. By almost all measures, AUT University performs better than the universities' sub-sector average. Particularly pleasing were Māori and Pasifika student participation and completion rates. Another area of positive performance is the progression of students from wānanga to AUT University which is also above the sub-sector average.²⁴

AUT University surveys student satisfaction annually and high levels of satisfaction are historically recorded for Māori and Pasifika students. This trend continued in 2009 with 88% of Pasifika students and 84% of Māori students satisfied with AUT, making them the two most satisfied groups of students at the University. These results exceed the overall student satisfaction rate of 81% for the University.²⁵

2009 results also improve on 2008 satisfaction ratings for Māori (80%) and Pasifika (85%).

AUT has been working to implement the Disability Code of Practice 'Kia Orite – Achieving Equity'. Generally, AUT meets or partially meets many of the activities and best practice standards outlined in the Disability Code of Practice. Opportunities for improvement do exist in a number of areas: positioning strategic leadership, synergies between recruitment and identifying support requirements, ongoing assessment of the physical environment, and staff development opportunities. AUT has made a concerted effort to investigate and implement the best practice standards outlined in the Code of Practice and the University continues to exert its influence, not only internally, but at a national level to provide barrier-free learning environments for students with a disability.

In 2009, 864 AUT students with impairments received advice, support and resources. This included in-class, assessment and examination accommodations, access to specialist assistive technology, and the provision of study materials in alternative formats. A lesser number received ongoing support that included NZ Sign Language interpretation, note-taking, additional tutoring and academic assistance.

STAFF

The University's commitment to Equal Employment Opportunities is clearly articulated in its Strategic Plan 2007-2012 which states that the University will ensure "our staff and leadership profile reflects the communities we serve, providing staff with opportunities, and students and staff with inspirational models".²⁶ Building on the success of AUT's position as the 'university of choice' for Māori and Pasifika students, AUT will continue to target potential Māori and Pasifika staff, so that AUT becomes the 'employer of choice' for Māori and Pasifika.

In 2009, the University appointed its foundation Professor of Pacific Studies as well as other key Māori and Pasifika appointments. The Māori and Pasifika postgraduate teaching assistantship programmes, which aim to build our staff profile from within our own Māori and Pasifika postgraduate student ranks, continued to gain momentum.

23 AUT University Investment Plan 2008-2010, p.11

24 Progress Monitoring Report for Auckland University of Technology, Tertiary Education Commission (March, 2009)

25 AUT University Annual Programme Survey 2009, Institutional Research Unit (2009), p.25

26 AUT Strategic Plan 2007-2011, p.13

STUDENT SERVICES

AUT University is committed to supporting and motivating students so that they fully engage with and succeed in their learning experiences. To better meet this end, in 2009 the Student Services Directorate was operationally aligned with University Relations and Advancement. Bringing together these related areas ensures a seamless journey, from enquirer through to applicant and enrollee, then to student, graduate and Alumnus.

Significant resources are directed to the provision of student support and administration. Student Services, in consultation with the faculties, delivers a comprehensive, integrated range of services that allow for a holistic approach to student engagement. A case management model is used which is adapted to students' individual needs. The University monitors 'at-risk' indicators and utilises a number of support mechanisms to achieve its high retention and completion outcomes.

KEY ACHIEVEMENTS

After piloting a December graduation with the Faculty of Health and Environmental Sciences in 2008, AUT University held its first University-wide December graduation in 2009. This enabled an increased number of graduands to participate in person. The University has received overwhelming support for continuing the initiative. A small cohort of students also graduated in Shanghai in December 2009.

Health, Counselling and Wellbeing increased access to high quality services by setting a nil consultation fee for domestic students, resulting in a 25% increase in registered customers. A new position of Head of Counselling was established.

Several new student spaces were opened on North Shore Campus in 2009, including a Whānau Room for Māori students, a Fono Room for Pasifika students and dedicated multifaith and Muslim prayer spaces.

Student visits to Te Tari Āwhina (the Learning Development Centre) increased by 30% and one-to-one contacts at the Centre increased by 14% during 2009. Students also received learning support via a new Pasifika drop-in facility for the Faculty of Business and Law. Academic workshops held at the University's Chinese Centre continued to be successful with high overall pass rates.

The Disability Resource Service sponsored a project to integrate timetabling programmes, improving efficiencies in matching support staff to students experiencing short-notice timetable changes.

In 2009, University Career Services developed and implemented a new model of career development service delivery to AUT students – prospective and current students and recent graduates. Significant changes included enhancing online resources and services, primarily through CareerHub, increasing workshops and the drop-in service in the faculties, and working in closer alignment with faculty staff.

STATEMENT OF RESOURCES

LIBRARY

	2009	2008
Expenditure – \$000s		
Operating expenditure	8,618	7,332
Capital expenditure – materials and equipment	4,538	5,903
Total Library expenditure	13,156	13,235
Percentage increase/decrease total library expenditure	(1%)	17%
 Total EFTS (MoE + International)	 17,090	 15,920
Total Library expenditure (\$) per EFTS	770	831
Percentage increase/decrease library expenditure per EFTS	(7%)	14%
 Total Library staff (FTE)	 61.5	 60.2
 INFORMATION RESOURCES		
Volumes		
Library books held (volumes)	199,825	189,721
Library non-book material (AV etc) held (items)	15,658	15,232
Library serials (volumes) ²⁷	45,360	39,793
Total volumes	260,843	244,746
 Serial titles		
Current full-text electronic serial titles	80,565	82,012
Current print serial titles	2,888	2,863
 E-book titles		
Current full-text e-book titles	48,240	41,576
 Information services		
Information literacy – groups	595	586
Information literacy – participants ²⁸	14,439	8,574
Reference transactions	16,403	14,198
 INFORMATION ACCESS AND DELIVERY		
Loans		
Books	305,193	309,011
Serials	3,216	3,717
High demand	53,639	54,175
Non-book materials	19,835	23,347
Total loans	381,883	390,250
 Full text articles accessed online²⁹	1,405,945	1,329,291
 Interloans		
Items supplied	4,629	3,071
Items received by AUT	6,843	5,630
 Turnstile counts (visits to Library)	1,399,359	1,365,944

²⁷ For 2009, this figure includes late returns on 2008 figures

²⁸ There was an increase in the number of large-group sessions taught in 2009

²⁹ For 2009, this figure includes AUTonline e-course reserves

INFORMATION TECHNOLOGY SERVICES

	2009	2008
Expenditure — \$000s		
Operating expenditure for Information Technology Services (ITS)	11,587	10,340
Operating expenditure for computer leases in other divisions	3,938	3,803
Total operating ITS expenditure for University	15,525	14,143
Capital expenditure	2,207	764
Total ITS expenditure	17,733	14,907
Percentage increase/decrease total ITS expenditure	19%	19%
ITS operating expenditure as a percentage of total University expenditure	6.1%	6.1%
ITS salaries/total ITS operating expenditure	35%	35%
Total ITS expenditure per EFTS (\$)	1,038	936
Total number of desktop computers	6,465	6,066
Percentage increase/decrease	6.6%	4.4%
Number of computers in classrooms and open-access laboratories	4,276	3,938
Percentage increase/decrease	9%	6%
Number of student users (log-on authorisations)	26,640	24,400
Computer:Student ratio	1:6.2	1:6.2
Available open access laboratory hours	1,593,098	1,399,381
Percentage increase/decrease open access hours	13.8%	(8.6%)
Total number of open access hours used	649,269	644,378
Percentage open access usage	41%	46%
Total helpdesk enquiries	51,375	54,047
Percentage increase/decrease helpdesk enquiries	(4.9%)	0.3%
AUT website performance		
Number of web pages ³⁰	4,873	8,602
Number of page views on AUT Website ³¹	18.8M	18.9M
Total ITS staff (FTE)	71	70

30 A large number of obsolete database web pages were deleted in 2009. This, coupled with a review and redesign of AUT's website in 2009, substantially reduced the number of web pages but significantly improved the site's findability, usability and accessibility

31 In 2009, AUT changed its measure of website performance. Figures for 2008 and 2009 reflect the number of page views rather than "hits". This is a more accurate measure of website traffic

LAND AND BUILDINGS

	2009		2008	
	Gross Area ha	Value \$'000s	Gross Area ha	Value \$'000s
LAND				
Crown owned land	16.9	34,925	16.9	34,925
AUT owned land				
City Campus	1.0	25,736	0.93	22,767
Manukau Campus	7.8	29,190	7.8	29,191
Antares Place ³²	-	-	0.82	3,283
Total land	25.7	89,851	26.5	90,166

	2009		2008	
	Gross Area m ²	Net Book Value \$'000s	Gross Area m ²	Net Book Value \$'000s
BUILDINGS				
Crown owned buildings				
City Campus	17,861	20,536	17,857	21,015
North Shore Campus	19,223	31,880	19,275	32,769
Total Crown owned buildings	37,084	52,416	37,132	53,784
AUT owned buildings				
City Campus				
Art and Design Building	9,266	21,814	9,266	22,286
Business Building	10,681	36,156	10,783	37,418
Dadley Building	2,975	2,277	2,969	1,277
Hotel and Restaurant Studies Building	7,887	28,293	7,887	27,391
Nga Wai O Horotiu Marae	559	1,685	559	1,609
Science and Technology Building	10,012	21,844	10,458	20,544
Symonds Street Building	10,320	10,633	10,320	10,842
Te Ara Poutama and Hikuwai Buildings	7,896	15,337	7,896	15,624
Wellesley Learning Centre (Te Amorangi)	16,500	33,736	16,500	34,546
WU – 46 Wakefield Street	3,221	1,944	-	-
WE Building refurbishment	515	17,576	515	12,345
Site improvements and infrastructure	-	2,760	-	2,285
Work in progress	-	3,406	-	3,986
Total City Campus³³	79,832	197,461	77,153	190,153
North Shore Campus				
AA Building	3,320	2,182	3,321	2,159
AD Building Level 1 Extension ³⁴	553	249	553	261
AF Lecture Theatre Complex	1,272	9,967	-	-
Akoranga Learning Centre	2,677	6,093	2,530	6,246
Akoranga Administration Building	1,129	2,642	1,129	2,724
Sport and Recreation Centre	5,930	8,604	5,930	8,800
Work in progress	-	570	-	4,260
Total North Shore Campus³⁵	14,881	30,307	13,463	24,450

AUT owned buildings (continued)

Manukau Campus

Manukau Campus buildings

Work in progress

Total Manukau Campus³⁶

Warkworth Satellite Station

Total AUT owned buildings

Total land and buildings \$000

Contractual leases (various)³⁷

Mangere Refugee Centre

University total gross area

Less: Non leasable area

Net usable area

	2009		2008	
	Gross Area m ²	Net Book Value \$000s	Gross Area m ²	Net Book Value \$000s
Manukau Campus buildings	8,075	5,752	7,824	-
Work in progress	-	10,062	-	13,535
Total Manukau Campus³⁶	8,075	15,814	7,824	13,535
Warkworth Satellite Station	-	2,284	-	1,931
Total AUT owned buildings	102,788	245,866	98,440	230,069
Total land and buildings \$000		388,133		374,019
Contractual leases (various) ³⁷	47,709		50,911	
Mangere Refugee Centre	1,312		1,312	
University total gross area	188,893		187,795	
Less: Non leasable area	30,599		27,350	
Net usable area	158,294		160,445	

Utilised as follows

Faculties

Faculty of Applied Humanities

Faculty of Business and Law

Faculty of Design and Creative Technologies

Faculty of Health and Environmental Sciences

Te Ara Poutama

AUT International House

Total Faculties

Administration

Administration services

Carparks

Student accommodation

In development/vacant

TOTAL

	2009			2008		
	Gross Usable Area m ²	Taught EFTS per Faculty	Area m ² per EFTS	Gross Usable Area m ²	Taught EFTS per Faculty	Area m ² per EFTS
Faculty of Applied Humanities	14,883	3,483	4.3	14,449	3,082	4.7
Faculty of Business and Law	10,222	4,561	2.2	9,602	4,316	2.2
Faculty of Design and Creative Technologies	33,385	4,718	7.1	36,018	4,364	8.3
Faculty of Health and Environmental Sciences	25,546	4,636	5.5	25,045	4,285	5.8
Te Ara Poutama	933	260	3.6	807	235	3.4
AUT International House	1,735	289	6.0	1,352	295	4.6
Total Faculties	86,704	17,947³⁸		87,273	16,577³⁹	
Administration services	36,515			32,774		
Carparks	9,387			10,971		
Student accommodation	16,180			15,571		
In development/vacant	9,508			13,856		
TOTAL	158,294			160,445		

32 AUT owned land at Antares Place was transferred to AUT Millennium Ownership Trust in 2009

33 Gross area on City Campus increased in 2009. This was mainly due to the conversion of car parking space into teaching and learning space in the Science and Technology Building, as well as the purchase of the previously leased WU Building

34 Extensions to Crown owned buildings are AUT owned. The figure reflects the gross area of the extension only. Building area is reflected under the Crown-owned buildings section

35 A new lecture theatre and conference centre was completed on North Shore Campus in 2009

36 An increase in gross area for Manukau Campus resulted from more accurate plans developed as part of the building process in 2009

37 Gross area of contractual leases decreased in 2009 as a result of the purchase of WU Building and the relocation of the Business Innovation Centre from leased premises in Penrose to Manukau Campus

38 The 2009 figure does not include 116 EFTS that are not assigned to any Faculty

39 The 2008 figure does not include 122 EFTS that are not assigned to any Faculty

STAFFING

For the Year Ended 31 December 2009

Faculties	2009			2008		
	Academic	Admin	Total	Academic	Admin	Total
Applied Humanities	182	59	241	191	53	244
Business and Law	170	51	221	169	49	218
Design and Creative Technologies	250	75	325	272	75	347
Health and Environmental Sciences	285	98	383	280	89	369
Te Ara Poutama	17	3	20	17	3	20
Total Faculty FTE	904	286	1,190	929	269	1,198

Central Administration Services

Vice-Chancellor's Office	-	26	26	-	24	24
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Portfolios/Groups

Learning and Teaching	11	15	26	12	14	26
Māori Advancement	1	1	2	-	2	2
International	27	20	47	27	16	43
Research and Development	4	80	84	11	87	98
Services and Operations ⁴⁰	-	145	145	14	344	358
Finance and Estates	-	112	112	-	62	62
University Relations and Advancement ⁴¹	13	215	228	-	60	60
Total Central Admin Services FTE	56	614	670	64	609	673
Total University FTE	960	900	1,860	993	878	1,871

40 Several portfolios were realigned in 2009. Student Services and Academic Registry moved from Services and Operations to University Relations and Advancement. Campus Development and Campus Services moved from Services and Operations to Finance and Estates

41 As per footnote 40

STATEMENT OF SERVICE PERFORMANCE

AUT University's Strategic Plan 2007-2011 outlines the University's strategic direction for a five year period. It includes high-level information on the organisation's purpose and role, as well as the nature and scope of its operations and its fit with the Government's long-term objectives. Five key themes guide the University's development. From these, a set of associated objectives and Critical Success Factors define the impacts and outcomes the University strives for. Some are externally focussed while others relate to aspects of the University's operations. AUT's effectiveness is then measured by a series of key performance indicators (KPIs), as recorded in the AUT University Investment Plan 2008-2010. The following Statement of Service Performance contains information on the University's objectives, Critical Success Factors and KPIs in order to document the services provided by AUT to meet stakeholder needs and ensure the intent of the Strategic Plan is fulfilled.

For an overall view of the performance of the University, the Statement of Service Performance Section must be read in conjunction with the Reports Section.

Note: The 2009 Annual Report is the first year that AUT University has reported Consumed (SDR) EFTS rather than Enrolled EFTS in its Key Facts and Figures, Statement of Resources and Statement of Service Performance.⁴² This is to ensure the Annual Report better aligns with the Financial Statements and other Government reporting and monitoring requirements. Throughout this document, all EFTS figures for 2007, 2008 and 2009 have been calculated using Consumed (SDR) EFTS. Therefore, there are small differences in some figures included in this Report when compared with previous Annual Reports.

⁴² The difference in Consumed (SDR) EFTS and Enrolled EFTS is due to rolling EFTS (that is, those EFTS which span more than one calendar year). For Consumed (SDR) EFTS, if a student is enrolled in a course that starts in 2009 and ends in 2010, then the EFTS will be apportioned across the two years. With Enrolled EFTS, the student is counted as a 2009 enrolment only and no EFTS are carried over to 2010

EXCELLENCE IN EDUCATION

Learning and Teaching

STRATEGIC THEME ► AUT University will provide excellent education that inspires students to reach their full potential.

CRITICAL SUCCESS FACTORS 1 AND 2

- **To be the best place to learn**
- **To consolidate our higher education contribution**

OBJECTIVES

- **To ensure our graduates are knowledgeable, sought after and inspirational**
- **To enhance curriculum flexibility and increase student choice**
- **To encourage students to progress to and be successful in higher education programmes**

AUT aims to offer a high quality, transformational education experience that produces self-motivated, self-directed, lifelong learners. The University has a strong professional orientation with a focus on academic excellence and graduate employability. In order to achieve its goals with respect to excellence in education, AUT has continued to refine its blended learning approach. Through this approach, strong interaction between staff and students is complemented by the use of new classroom and online technologies. The University's academic portfolio was broadened in 2009 with the introduction of a number of new undergraduate and postgraduate qualifications. These included the Bachelor of Laws, with a focus on commercial law, the Masters of Forensic Information Technology and Masters in Medical Laboratory Science. Three new majors were introduced in the Bachelor of Arts programme, as were new majors in the Bachelor of Business (Retailing), Bachelor of Mathematical Sciences (Astronomy) and Bachelor of Sport and Recreation (Health and Physical Education). In 2009, the first cohort of students majoring in the BA (Criminology) graduated.

The University achieved its targets for successful completion rates for most categories of students in 2009. Pleasing results were noted for international, postgraduate and pre-degree students, all of which improved on the 2008 result. While completion rates for students with a disability decreased from 2008, the results were still above target, and represent a 5% increase overall from 2007.

In line with its strategic direction, the University continued to shift its student profile towards higher education. Forty-eight percent of the students enrolled in a pre-degree programme during 2007 have since progressed into higher level qualifications by 2009. A consistent trend of improving annual pre-degree progression rates has been observed since 2007. The 2009 targets for domestic, international and overall percentages of students studying in higher education programmes were exceeded. Between 2008 and 2009, there was a 5% increase overall in the numbers of students studying in higher education.

The high calibre of AUT's students was recognised through excellent results in national competitions. AUT's Advertising Creativity students took out the top three placings in the Supercity campaign category of the Newspaper Advertising Bureau Awards. AUT students also scored their third consecutive win in the national Students in Free Enterprise competition, and placed in the top 25 teams from 1,500 worldwide at the finals in Berlin in October. Several AUT students were also selected to represent New Zealand at various international fora or conferences.

PERFORMANCE MEASURES

1.1	To maintain or improve the successful completion rates of our students. ⁴³	Key Performance Indicators	Target 2009	Actual 2009	2008	2007
		University Average	80%-85%	82%	83%	81%
		Pre-degree Students	70%-75%	76%	75%	71%
		Undergraduate Students	85%-90%	83%	85%	86%
		Postgraduate Students	90%-95%	90%	89%	89%
		International Students	80%-85%	86%	85%	84%
		Māori Students	>77%	77%	77%	76%
		Pasifika Students	>65%	66%	67%	63%
		Students with Disability	>77%	78%	79%	73%
		Substantially Achieved.				

1.2	To meet the needs of stakeholders in the Auckland region by achieving the student enrolment targets negotiated with the Tertiary Education Commission (TEC).	<p>AUT University experienced strong growth in 2009. Total EFTS were 18,063, an increase of 8% from 2008. As part of the Investment Plan negotiations, AUT University secured Student Achievement Component (SAC) funding for approximately 14,405 domestic EFTS in 2009. However, growth was such that the University exceeded this figure by more than 400 domestic EFTS. AUT University continues to negotiate with the TEC for additional funding and will carefully monitor 2010 enrolments to ensure that EFTS remain balanced with available SAC funding.</p> <p>Achieved.</p>
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2.1	To increase the percentage of students studying in higher education programmes to at least 75% of all EFTS by 2012.	<i>Key Performance Indicators</i>	Target 2009	Actual 2009	2008	2007
		Overall ⁴⁴	73%	78%	73%	68%
		Domestic ⁴⁵	73%	79%	73%	67%
		International ⁴⁶	80%	83%	78%	76%
		Achieved.				

2.2	To increase the percentage of students progressing into higher level qualifications.	Key Performance Indicator	Target 2009	Actual 2009	2008	2007
		To increase the percentage of students progressing from pre-degree into higher level qualifications. ⁴⁷	>40%	48%	42%	40%
		Achieved.				

⁴³ The completion rates are calculated using the MoE formula [Pass ÷ (Pass + Fail + Withdrawn)]

⁴⁴ Overall EFTS exclude International Exchange and Not Categorised EFTS

⁴⁵ Domestic EFTS comprise Domestic Ministry Funded EFTS (excluding Not Categorised EFTS)

⁴⁶ International EFTS comprise International Ministry Funded, International MoE Research and Onshore International PhD EFTS (excluding Not Categorised EFTS)

⁴⁷ Progression rates are the proportion of student enrolments in a programme from a single reporting year that progress in the same or a subsequent year to enrol in a higher-level programme. These figures exclude enrolments in non-progressing pre-degree programmes and include domestic (Ministry-funded) students only

PERFORMANCE MEASURES (continued)

- 2.3 To review the University's contribution within the network of tertiary education provision in Auckland region.
- AUT University expanded its contribution to Auckland's tertiary provision with the establishment of the Manukau Campus in 2009. Its development resulted from an identified lack of university provision in Counties Manukau. A large-scale consultation exercise of key stakeholders was undertaken in the first half of 2009 to inform the University's Education Strategy and Academic Plan for the Campus. Other tertiary providers consulted included Manukau Institute of Technology, Te Wānanga o Aotearoa, and various Private Training Establishments (PTEs). Further contributions to the network of provision were made through the ongoing expansion of the health sciences programme, curriculum developments and new degrees, such as the Bachelor of Laws.

Achieved.

- 2.4 To increase links to provide opportunities for students from other sub-sectors to progress into higher education.
- AUT University supports the Government's goal of increasing the number of young people achieving degrees, particularly Māori and Pasifika. AUT undertook extensive consultation with other tertiary providers in Counties Manukau as part of its development plans for Manukau Campus, primarily to ensure its academic programme also maintained several sub-contracting relationships with the Institutes of Technology and Polytechnics (ITP) sector, to assist ITP students in their progression from pre-degree courses through to degrees and eventually postgraduate study.
- In 2009, AUT University signed a collaboration agreement with Skills for Work, an organisation which provides training and workforce development schemes. Under this agreement, Skills for Work will offer AUT's Certificate in Engineering Technology (Maintenance Engineering) and the Diploma in Engineering (Maintenance and Reliability Engineering). Students completing these courses can then continue on to further education programmes.
- A Memorandum of Understanding was signed with St John's Ambulance, allowing students to undertake clinical placements with St John's and for both organisations to collaborate on research activities. The University also signed agreements with the Sir Peter Blake Marine Education and Recreation Centre (MERC) and the Auckland War Memorial Museum to facilitate joint research and educational projects. AUT University is now the MERC's preferred tertiary provider.

Achieved.

RESEARCH AND DEVELOPMENT

STRATEGIC THEME ► AUT University will conduct excellent research, advancing knowledge and practice in its areas of expertise and supporting its higher education programmes.

CRITICAL SUCCESS FACTORS 2 AND 3

- To consolidate our higher education contribution
- To enhance our research contribution

OBJECTIVES

- To increase research activity
- To enhance our research reputation
- To ensure research activity is sustainable

AUT University has become known for conducting applied, transdisciplinary research which provides innovative solutions to contemporary social and economic issues. Its growing reputation has attracted a greater number of established researchers, industry partnerships and postgraduate students, all of which further enhance the University's research profile and ensure its long-term sustainability. A significant highlight of 2009 was the University's successful bid to the Health Research Council of New Zealand (HRC) to conduct the world's largest population-based study of Traumatic Brain Injury (TBI) incidence and outcomes. The HRC awarded Professor Valery Feigin and his team from the Faculty of Health and Environmental Sciences with \$2.4 million for the three-year study which will quantify the incidence and burden of TBI. This is an excellent achievement for AUT's newly-established National Research Centre for Stroke, Applied Neurosciences and Neurorehabilitation.

The University experienced continued growth in postgraduate research student numbers, up 10% from 1,089 in 2008 to 1,195 in 2009. More than 200 postgraduate research students completed their studies in 2009, 31% more than in 2008 and an impressive 47% increase from 2007. The Vice-Chancellor's Doctoral Awards continue to be a critical aspect of the University's commitment to building its research capacity, creating a critical mass of doctoral students and raising the AUT's profile. In 2009, the University also celebrated the Vice-Chancellor's Research Excellence Awards, which are an important mechanism for recognising and rewarding AUT's outstanding researchers and research supervisors.

A number of external factors, including a recessionary fiscal environment, affected the University's ability to secure research funds in 2009. At \$17.3 million, external research revenue was slightly below the 2009 target of \$18 million, but still represented an increase of \$2 million from 2008. The recession had greatest effect on non-governmental sources of funding, a key source of revenue for AUT given its applied research expertise and partnerships with industry. However, the University had an enthusiastic response to the call for the TEC's Summer Scholarships, one of the Job Summit initiatives. All 50 studentships allocated to AUT were awarded in 2009, providing a significant boost to the University's current and future research capacity.

PERFORMANCE MEASURES

- 3.1 To increase the proportion of academic staff on terms and conditions conducive to conducting research.
- Building on last year's progress, 2009 saw a substantial increase of 21% in the number of academic staff on conditions of employment conducive to conducting research (up 78 FTE to 457 FTE). The University actively encouraged academic staff to change their employment arrangements in 2009, with the aim of increasing the number of research-active staff. In return for an expectation that they would participate in research work, staff were offered an increase in salary with a commensurate reduction in annual leave (to no less than four weeks annual leave), as well as opportunities for sabbatical and research leave. AUT University will offer this invitation again in 2010.

Achieved.

3.2	To graduate an increasing proportion of doctoral and research masters students each year.	<i>Key Performance Indicators</i>		Target 2009	Actual 2009	2008	2007
	To increase the number of doctoral and research masters students graduating as a proportion of total doctoral and research masters student enrolments.		24%		18%	15%	15%
	To increase the number of doctoral and research masters completions.		*		218	167	148

*This is a relative benchmark and therefore no specific targets have been set for 2008 - 2010.

Partially Achieved.

There was a significant increase in the number of doctoral and research masters completions in 2009, up 31% from 2008 to 218. The increasing proportion of enrolments in doctoral degrees, which characteristically take longer to complete, has impacted on the University's ability to achieve these indicators. As a result, this KPI has been deleted from the 2010 Investment Plan. The University has adopted a strategic commitment to postgraduate education and research and will continue to invest in building postgraduate capabilities over the next few years.

3.3	To increase external research revenue to 10% of external revenue by 2012.	<i>Key Performance Indicators</i>		Target 2009	Actual 2009	2008	2007
	To increase external research revenue. ⁴⁸		\$18M		\$17.3M	\$15.2M	\$12.2M
	Annual external research revenue as a percentage of total external revenue.		7.3%		6.7%	6.5%	5.5%
	To increase the number of successful applications to contestable research funds each year.		110		124	98	66

Partially Achieved.

Despite not meeting the 2009 target, external research revenue increased by 14% from 2008 to 2009. A consistent trend of increasing research revenue has been observed since 2007. The University also increased its number of successful applications to contestable research funds, up 27% from 2008 to 124. The University's Research Plan, supported by the \$50 million Suspensory Loan, will ensure the University continues to build its research culture and capability.

⁴⁸ Includes Performance Based Research Fund (PBRF) funding. PBRF monies for 2009 are provisional. PBRF monies for 2008 and 2007 include the wash-ups received in those years for previous years

PERFORMANCE MEASURES (continued)

3.4	To increase the number of research outputs by 10% each year.	Key Performance Indicator	Target 2009	Actual 2009	2008	2007
		To increase the number of research outputs by 10% each year.	2,234	2,159	1,988 ⁴⁹	1,841
		Not Achieved.				

AUT University had a total of 2,159 research outputs in 2009, up 9% from 2008 and narrowly missing the 2009 target of 2,234. The University has implemented a number of strategies to ensure it continues to build research quality and capability. Faculty research plans emphasise increasing the number of research outputs and Individual Development Plans for academic staff ensure appropriate expectations are set with regard to academic outputs.

⁴⁹ The number of research outputs for 2008 has changed from what was reported in the 2008 Annual Report. A new research management system was used in 2008 and a number of duplicate (co-authored) outputs were not identified at the time of reporting for the 2008 Annual Report. Total research outputs for 2008 were recalculated in 2009 once duplicate records were removed

ENGAGEMENT

International Advancement

STRATEGIC THEME ► AUT University will actively engage with the communities we serve and contribute to their social and economic development.

CRITICAL SUCCESS FACTOR 4

► **To enhance our international reputation**

OBJECTIVES

► **To strengthen and build strategic relationships and partnerships that advance education, research and economic and social development**

In 2009, AUT University's diverse international services were united under the one umbrella brand, AUT International. This co-ordinated approach allows the University to better access new student markets, offer students increased mobility through exchange programmes, and build international strategic partnerships. These relationships will enhance AUT's international reputation and ensure the University's long-term financial sustainability.

There were 3,036 international EFTS⁵⁰ at AUT University in 2009, contributing 17% of the total EFTS. This was an increase of 6% on 2008 (2,857 EFTS), indicating a healthy recovery since the national downturn in the international student market in 2005. In line with its strategic direction, the University underwent strong growth in international postgraduate enrolments, coupled with a decline in pre-degree enrolments. Nearly a quarter of AUT's postgraduate students are international, which is pleasing evidence of the University's growing reputation. The top ten markets in 2009 were China, India, South Korea, Malaysia, Russia, Vietnam, Taiwan, Saudi Arabia, Hong Kong and Republic of Fiji. International students contribute to a diverse student body and help create a positive learning environment based on the exchange of knowledge and cultural experience.

2009 provided further examples of the international esteem in which AUT University's academic staff are held. For instance, Professors Marilyn Waring and Peggy Fairbairn-Dunlop were requested by the Secretariat of the Pacific Community to prepare the Pacific Regional paper for the Beijing +15 review. This review will evaluate the Pacific's progress towards the resolutions passed at the 1995 Beijing Declaration and Platform for Action. Professor Leong Yap was made an honorary Professor of Design by the Shanghai University of Science and Technology. Professor Ian Shirley was invited to become Adjunct Professor of China Executive Leadership Academy Pudong (CELAP) and Professor Nikola Kasabov was elected as a Fellow of the Institute of Electrical and Electronics Engineers, the premier global technical association for the advancement of technology.

⁵⁰ This figure comprises International Ministry Funded EFTS, International MoE Research, International RGA and AUT International House

PERFORMANCE MEASURES

4.1	To increase the percentage of international students studying in postgraduate programmes. ⁵¹	Key Performance Indicator	Target 2009	Actual 2009	2008	2007
		Percentage of international students in postgraduate programmes (EFTS).	>20%	23%	21%	21%
		Achieved.				
4.2	To expand international collaborative relationships that enhance the University's profile.	<p>2009 was a successful year for AUT University's international profile. Opportunities for international co-operation and partnerships were discussed during visits from the Thai Foreign Minister and the Russian and Austrian Ambassadors to New Zealand.</p> <p>The University established a new relationship with CELAP, China's most prestigious education and training centre. The two institutions will collaborate on research, education and publication initiatives. AUT also began a collaborative research project with Xinjiang University and Shanghai Jiao Tong University in China to develop information systems that explore, understand and predict ecological and environmental problems. In 2009, AUT University forged an agreement with the Vietnamese Government's Ministry of Education and Training (MOET), to allow staff exchanges and research collaboration between the two organisations and for MOET staff to complete Masters and PhD programmes through AUT.</p> <p>AUT continued to provide curriculum materials to the Ministry of Higher Education, Sultanate of Oman for the Oman Colleges of Applied Sciences under an agreement with the New Zealand Tertiary Consortium. The University also secured a \$3.5 million contract for the provision of Business and Engineering curriculum materials to Bahrain Polytechnic, Kingdom of Bahrain.</p>				
		Achieved.				

51 As per footnote 46

EXCELLENCE IN EDUCATION

Curriculum Development

STRATEGIC THEME ► AUT University will provide excellent education that inspires students to reach their full potential.

CRITICAL SUCCESS FACTOR 5

► To sustain the quality and relevance of our curriculum

OBJECTIVES

- To build and broaden discipline strengths**
- To ensure that the learning experience is of high quality**

As a university of technology, AUT prides itself on having a close connection with industry and on the ability to equip students with relevant experience, readying them for future employment. Teaching is grounded in theory and supported by current applied research. Students are able to put their learning into practice through co-operative education. In 2009, AUT University's Graduate Destination Survey showed that 93% of its graduates were in employment or further study six months after graduating, surpassing the target of 90%. This is a noteworthy achievement given the recent economic instability and it highlights continued employer confidence in the University's graduates.

In 2009, AUT developed a number of new initiatives to further inspire students to reach their full potential. AUT's Faculty of Business and Law launched a \$10 million fund to support student start-up enterprises. All AUT students have the opportunity to present business plans to the Venture Fund Board, which grants funds based on business merit and potential contribution to New Zealand. Successful applicants may also receive a place at the Business Innovation Centre and mentoring from business leaders and academic staff.

Teaching quality is an issue of high importance for AUT University. The University's excellence in teaching was recognised with two Ako Aotearoa grants to support projects that will improve tertiary teaching and learning. Totalling \$240,000, one project investigates the simultaneous delivery of postgraduate programmes in te reo Māori across a number of sites, while the other investigates best practice in supervisor feedback to postgraduate research students. The calibre of individual teaching staff was recognised at the Vice-Chancellor's Awards for Excellence in Teaching ceremony in May. The awards were won by Ben Nemeschansky, School of Hospitality; Peter McGhee, Faculty of Business and Law; and a joint award to Linda Ashley and Jennifer Nikolai from the School of Dance. The 2009 winners will be announced early in 2010. As part of its commitment to developing a new cohort of teaching staff, the University introduced an experiential training course for postgraduate students who are employed as Teaching Assistants. The programme enhances teaching skills and provides students with experience at leading a class.

The University is also known nationally as a front runner for its blended learning approaches. Increasingly, AUT is using the latest technologies to widen access and to meet industry demands. In 2009, AUT began offering the Bachelor of Health Science (Midwifery) through distance learning to students in Northland, Taranaki and Counties Manukau. Video-conferencing technology allows AUT to deliver real-time lectures to these students. This initiative is strongly supported by the health sector and local District Health Boards, as a way to both meet the demand for midwives and upskill the local population.

PERFORMANCE MEASURES

5.1	To maintain a minimum of 90% of our graduates in employment or further study six months after graduating.	Key Performance Indicator	Target 2009	Actual 2009	2008	2007
		To achieve a rate of 90% of University graduates in employment or further study six months after graduating. ⁵²	90%	93%	*	96%
		* Information not available for 2008.				
		Achieved.				
5.2	To ensure processes in new programme development and programme review maintain formal stakeholder representation.	Stakeholders are formally represented in processes for both programme approval and programme review. Professional bodies, industry stakeholders and community representatives are consulted on new programme proposals and are also included as panel members on programme development and review panels.				
		Achieved.				
5.3	To ensure that each major discipline area has an industry advisory committee.	Each major discipline area has an industry advisory committee. AUT staff engaged with industry in a broad range of discipline areas in 2009 to ensure academic programmes remain relevant.				
		Achieved.				
5.4	To ensure each Research Institute has a development board whose membership includes external stakeholders.	AUT University's Research Institutes have established a number of rewarding research and commercialisation relationships, with both the public and private sector, and national and international organisations. In 2009, ten of AUT's thirteen Research Institutes had development boards whose membership included external stakeholders. After a recent review of research activity across the University, some Research Institutes will be consolidating their research programmes and areas of focus in 2010. This will inevitably lead to the better integration of research activities and in some cases might promote a reduction in the number of Research Institutes. As a consequence, the further expansion of development boards beyond those that have already been established is unlikely.				
		Substantially Achieved.				

⁵² The 2009 figure comes from AUT University's Graduate Destination Survey whereas the 2007 figure comes from the Graduate Destination Survey run by the New Zealand Vice-Chancellors' Committee. This did not run in 2009. Both surveys use a similar methodology

ENGAGEMENT

Māori Advancement

Pasifika Advancement

Community Relationships

STRATEGIC THEME ► AUT University will actively engage with the communities it serves and contribute to their social and economic development.

CRITICAL SUCCESS FACTOR 6

► To ensure that the staff and student profile better reflects the population we serve

OBJECTIVES

- To strengthen and build strategic relationships and partnerships that advance education, research and economic and social development
- To honour the commitment to the Treaty of Waitangi by being the university of choice for Māori
- To encourage access and success in university education for students from the diverse communities within the Auckland Region

AUT is a powerful player in the economic and cultural life of Auckland and this role has been extended in 2009 with the development of its Manukau Campus. The University was granted a \$25 million Suspensory Loan towards the establishment of the Campus in 2008. This loan recognised AUT's outstanding work with the Counties Manukau community, particularly in raising aspiration for and success in tertiary study for Māori and Pasifika. During the planning stages for the Campus in early 2009, AUT University consulted widely with Counties Manukau mana whenua, Pasifika and other ethnic, social, business and education leaders. Building strong relationships will benefit both the University and the local community in the future.

In 2009, the University celebrated Māori success with the seventh AUT Māori Expo, won awards for the quality of its Māori language teaching and developed programmes to encourage secondary students' engagement with learning. Although in the early stages of implementation, these programmes have already had a demonstrable impact on aspiration for tertiary study for the students involved. The University is committed to encouraging access and success in university education for Auckland's diverse communities, particularly Māori and Pasifika. Students enrolled at AUT benefit from the University's proven retention and success programmes. AUT also provides Māori and Pasifika pathways in the curriculum. The benefits of this approach are now evident. In 2009 there has been a pleasing increase in the number of Māori and Pasifika students studying in higher education programmes, with both groups improving on the 2008 result and exceeding the 2009 target. The percentage of Māori EFTS in higher education (78%) has increased by 10% from 2007 to 2009, surpassing the 2009 target of 73%. Sixty-two percent of Pasifika EFTS were in higher education in 2009, up 12% since 2007 and surpassing the 2009 target by 7%. This demonstrates the continued advancement of Māori and Pasifika students in undergraduate and postgraduate education at AUT.

AUT has continued its commitment to recruitment strategies that build a more representative staff profile. Several key Māori and Pasifika appointments were made across the faculties in 2009, including Dr Teorongonui Josie Keelan as Tumuaki of Te Ara Poutama and Professor Peggy Fairbairn-Dunlop as Foundation Professor of Pacific Studies. With its focus on building research capacity, AUT has strategically recruited senior academic staff, although it is widely recognised that the market for Māori and Pasifika doctoral qualified staff is extremely competitive. As such, the University launched a number of initiatives aimed at building Māori and Pasifika staff numbers from within its own postgraduate student body, including the Māori and Pasifika Teaching Assistantship programme.

PERFORMANCE MEASURES

6.1.1 To ensure the University's domestic student profile better reflects the demographic mix of the region.	<i>Key Performance Indicators</i>	Regional Proportion ⁵³	2009	2008	2007
	Māori	9%	10%	9%	9%
	Pasifika	11%	11%	10%	10%
	European	52%	42%	43%	43%
	Asian	20%	27%	27%	26%
	Non Declared/Other	10%	10%	11%	12%

6.1.2 To ensure the University's staff profile better reflects the demographic mix of the region.		Regional Proportion ⁵⁴	2009	2008	2007
	Māori	9%	6%	6%	6%
	Pasifika	11%	4%	5%	5%
	European	52%	62%	63%	64%
	Asian	20%	15%	14%	14%
	Non Declared/Other	10%	13%	12%	11%

Partially Achieved.

The intent of this KPI was to improve the representation of students from AUT's target populations, Māori and Pasifika, who are generally under-represented in tertiary education. Participation rates of both groups are now in line with regional demographics.

The 2009 staff profile shows that a significantly larger proportion of Europeans were employed by AUT than were resident in the Auckland region, compared with Māori, Pasifika and Asian staff who were under-represented. Despite the University's strong commitment to encouraging the recruitment and retention of Pasifika staff, the proportion in 2009 dipped slightly to 4% when compared with the previous year. This is in spite of an increase in the number of Pasifika staff recruited in 2009 (15) compared with 2008 (9). As Pasifika are a small staff cohort, a minor change in the staff profile can produce a sizeable effect when expressed as a percentage.

6.2 To ensure that course completion rates for students aged under 25 enrolled in qualifications at degree level and above are equal to or above the university sub-sector average.	<i>Key Performance Indicators</i>	2009	2008	2007
	AUT University	83%	85%	86%
	University sub-sector average ⁵⁵	*	84%	83%

* Information not available for 2009.

Although course completion rates for higher education students under the age of 25 have declined slightly, the results are similar to the sub-sector average for previous years.

⁵³ Regional ethnic proportions are based on 2006 Census results (Statistics New Zealand), and have been adjusted to capture the 15-64 age range. Statistics New Zealand ethnicity reporting allows people to claim more than one ethnicity, meaning the percentage totals usually add up to more than 100%. AUT student and staff data each total to 100 per cent, meaning comparison of Statistics New Zealand and AUT data is indicative

⁵⁴ As per footnote 53

⁵⁵ The information for 2008 and 2007 was provided by the March 2009 TEC Progress Monitoring Report (PMR). The PMR measures students under the age of 25 that are enrolled in degree and graduate diploma programmes only

PERFORMANCE MEASURES (continued)

6.3	To increase the proportions of Māori and Pasifika EFTS in higher education programmes.	<i>Key Performance Indicators</i>	Target 2009	Actual 2009	2008	2007
		To increase the percentage of Māori EFTS (as a proportion of Total Māori EFTS) enrolled in higher education programmes.	73%	78%	72%	68%
		To increase the percentage of Pasifika EFTS (as a proportion of Total Pasifika EFTS) enrolled in higher education programmes.	55%	62%	58%	50%
		Achieved.				
6.4	To increase course completion rates for higher education qualifications amongst Māori and Pasifika students.	<i>Key Performance Indicators</i>	Target 2009	Actual 2009	2008	2007
		Māori	>73%	79%	81%	80%
		Pasifika	>70%	67%	72%	72%
		Partially Achieved. The 2009 course completion target for Māori students in higher education was achieved. Results have been consistently high for the last three years and are well above target. After three years of exceeding targets, in 2009 the University experienced a decrease in course completion rates for Pasifika students in higher education. The University has undertaken a preliminary assessment of available data to identify areas for improvement and reviewed its learning support services to ensure that all students receive appropriate levels of assistance. Learning support initiatives for 2009 included a new Pasifika drop-in centre and additional tutorials for Pasifika students.				
6.5	To increase the proportion of EFTS for domestic students aged under 25 enrolled in higher education qualifications.	<i>Key Performance Indicator</i>	Target 2009	Actual 2009	2008	2007
		Domestic under 25 students to comprise 70% or more of total domestic higher education EFTS.	70%	69%	70%	69%
		Not Achieved. The target of 70% or more domestic student EFTS aged under 25 years enrolled in higher education qualifications was narrowly missed in 2009. In part, this is due to AUT's success in building its postgraduate research provision, particularly at doctoral level, as these students are predominantly aged 25 years or over. The University undertakes a number of initiatives to increase its share of the under 25 student market. These include a first year experience initiative to support students transitioning from secondary to tertiary study, scholarships for high school leavers from historically under-represented groups and a host of innovative projects conducted in conjunction with Auckland's secondary schools which foster aspirations for degree-level study.				

STAFF DEVELOPMENT

STRATEGIC THEME ► AUT University will attract, develop and retain excellent staff.

CRITICAL SUCCESS FACTOR 7

► To ensure our people are inspired by, and contribute to, the achievement of our mission

OBJECTIVES

- To ensure the University provides a challenging, stimulating and rewarding work environment for all staff**
- To promote the development of well rounded careers for all staff**

A number of staff initiatives were undertaken or expanded upon in 2009 to ensure the University attracted, developed and retained quality staff. The Centre for Professional Development (CEPD) was restructured to ensure both facets of its current work receive appropriate resourcing and focus. From 2010, the CEPD will divide into a Centre for Learning and Teaching (CLT) and an Organisational Development Group (ODG). The CLT will provide support for academic staff in teaching and learning development. It will also promote excellent and innovative teaching practice using blended learning approaches. The ODG will focus on developing programmes that promote and enhance workforce capabilities, management and leadership skills, support organisational learning and enable productive and satisfying work environments for staff at all levels across the University. Both the CLT and the ODG are supported by the University's ongoing investment of 1.5% of gross salaries for staff development.

Several new staff initiatives were made possible by 2008's \$50 million Suspensory Loan. These included new academic employment arrangements, doctoral studies awards for staff and the graduate assistantship programme. Academic staff were offered a change in employment arrangements, including a salary increase and opportunity of sabbatical leave, to encourage greater participation in research. In 2009, 100 applications were received and 77 were approved. Academic Staff Doctoral Study Awards assist academic staff members who are close to completing their doctoral qualifications by releasing them from teaching and administrative duties. This year there were 19 staff doctoral study awards. 2009 also saw the introduction of the Graduate Assistantship Awards which offer part-time employment to graduate students, thereby allowing academic staff to spend more time on research, advanced teaching and supervision. Thirty-seven Graduate Assistantship Awards were made in 2009.

Other staff development initiatives included the implementation of an in-house Leadership and Management Enhancement Programme (LMEP), which includes a suite of core modules for all senior staff, as well as academic modules for those who lead research and teaching teams. A mentorship programme in research leadership was successfully piloted within the Faculty of Health and Environmental Sciences.

In 2009, academic staff turnover was within the target range (6%). Allied staff had marginally lower turnover at 9.1% than the target range (10-14%) although this is unsurprising given the recessionary employment market.

The University continues to improve health and safety for employees. In 2009, AUT developed the Health and Safety Strategic Plan 2009 – 2011 to focus on health and safety leadership, hazard management, promoting continual improvement and reducing the number and severity of injuries. Managers, supervisors and staff received health and safety training, thereby improving the safety culture, and a suite of health and safety performance indicators was introduced to provide feedback to managers and to identify areas for improvement. Contractors working on AUT campuses now receive safety inductions and submit safety plans.

The Department of Labour was advised of three serious harm injuries and after investigation concluded that no further action was required. During the year there were 97 AUT incident reports, down 12% on 2008, and 56 compensation claims submitted (up 33% on 2008). The majority of injuries were relatively minor.

PERFORMANCE MEASURES

7.1	To develop staff capability and achieve consistently high levels of staff satisfaction.	<i>Key Performance Indicators</i>	Target 2009	Actual 2009	2008	2007
		To maintain a staff development budget equivalent to 1.5% of gross salaries.	1.5%	1.5%	1.5%	1.5%
		To ensure the average turnover of staff is maintained within the following ranges: 4-6% for academic staff; 10-14% for administrative staff.				
		• Academic staff	4-6%	6.0%	5.4%	6.7%
		• Administrative staff	10-14%	9.1%	10.3%	11.1%
		Partially Achieved.				

SUSTAINABILITY

STRATEGIC THEME ► AUT University will ensure its sustainability through good management and strong performance and reputation.

CRITICAL SUCCESS FACTORS 8, 9 AND 10

- To improve the physical infrastructure of the campus
- To be a high performing organisation
- To ensure financial viability

OBJECTIVES

- To ensure financial sustainability
- To enhance the effectiveness and efficiency of the University's operations
- To be a good steward of the University's assets

AUT University is committed to ensuring the long-term sustainability of its environment and people, as well as its own financial stability. Sustainable principles are researched, promoted and applied at all levels of the organisation. The University's targeted investment in infrastructure, people and the student experience continues to bring dividends to AUT. Despite a difficult financial year for tertiary institutions and New Zealand in general, the University developed and implemented its ten year capital development plan, furthered its commitment to sustainable practices and became a joint shareholder of the Millennium Institute of Sport and Health.

As part of AUT's Capital Asset Management Plan, all newly built or refitted buildings on the three campuses meet the latest international standards for flexible learning and teaching. These innovative designs were recognised with two prestigious architecture awards in 2009. The AF lecture theatre at the North Shore Campus won the public architecture category at the Auckland Local Architecture Awards. The School of Hospitality's newly refurbished Piko and Four Seasons restaurants were recognised with a silver medal in the public and institutional spaces category at the Designer Institute of New Zealand's BeST Design Awards. These awards highlight AUT's willingness to build quality, innovative teaching facilities.

A major focus of 2009 was preparing Manukau Campus for its initial cohort of students in 2010. Refurbishment activities were informed by a Manukau Campus Teaching and Learning Working Group which provided advice on the pedagogy and learning environment for the Campus and its student body. Refurbishment work for the main teaching block (MC) and the Early Childhood Education (Pasifika) programme (MD) began in 2009.

The University continued to promote the reduction of traffic in the Learning Quarter with a number of initiatives in 2009, including the provision of free parking for those travelling by motorcycle or scooter and subsidised carparking for those who carpool. Other initiatives focussed on reducing paper usage and promoting healthy lifestyles to staff and students. Students can now elect to receive all correspondence electronically rather than by mail, which saves on postage as well as reducing paper waste. The University also launched 'Nothing Else', its own brand of healthy, environmentally conscious snack options. Nothing Else was developed in a collaboration between advertising, nutrition, product design, graphic design and public relations staff and students.

2009 was a year of substantial growth in EFTS, up 8% on 2008 total EFTS. In its 2009 May Budget, the Government did not make any significant increases to funding levels for the university sector. The Budget also included a reduction of inflation (CPI) adjustments, from 2.5% to 1.95%, and the phasing out or modification of a number of funds from 2011. This increases the University's reliance on alternative revenue streams, many of which have also been affected by the economic downturn.

PERFORMANCE MEASURES

- 8.1 To develop and implement a ten year capital development plan.

Key Performance Indicators

In 2009, AUT developed its Capital Asset Management Plan 2010 – 2020 which is derived from and supports the strategic direction of the University. This will ensure a positive legacy for AUT's stakeholders, both present and future generations. The Plan outlines the historical context for the University's current situation and identifies future needs and how these will be met by capital projects. The Plan also includes a financial analysis and identifies management and governance structures to support its implementation.

Capital Development Programme (\$'000's)	Actual 2009	Actual 2008	Actual 2007
Lecture theatres – North Shore Campus	6,333	3,628	548
Art and Design Building upgrade	6,282	4,263	138
WU Building and land	4,900	-	-
Manukau Campus buildings and land	3,227	42,517	-
Science and Technology Building – Level 1 and 2 carpark redevelopment	2,399	55	-
Dadley Building	1,190	373	6,883
Hotel and Restaurant Studies Building upgrade	1,091	668	13
Early Childhood – Akoranga	423	63	-
WG Precinct	417	2,117	-
Lecture theatres – City Campus	-	-	3,248
Total	26,262	53,684	10,830

Achieved.

- 9.1 To ensure that the University is operating effectively and efficiently.

Key Performance Indicators

	Target 2009	Actual 2009	2008	2007
To increase revenue per academic FTE.	\$259,702	\$270,960	\$238,504	\$227,833
To increase equity per EFTS.	\$19,880	\$18,673	\$19,692	\$14,630
To maintain an effective balance between academic and administrative costs:				
• Ratio of academic to administrative staff	1:0.9	1:0.9	1:0.9	1:0.9
• Ratio of students to academic staff. ⁵⁶	17.4:1	18.8:1	16.8:1	16.6:1

Partially Achieved.

Revenue per academic FTE has increased by 14%, from \$238,504 in 2008 to \$270,960 in 2009, surpassing the budgeted target of \$259,702. Equity per EFTS has decreased from \$19,692 in 2008 to \$18,673 in 2009 and falls below the budgeted target of \$19,880. This is mainly due to a significant increase in EFTS for 2009 which resulted in the University carrying a number of unfunded EFTS.

- 10.1 To meet appropriate financial ratios.

Key Performance Indicator

	Target 2009	Actual 2009	2008	2007
Ratio 1: Minimum surplus/ external revenue %.	≥3%	3.2%	2.1%	2.3%

Achieved.

⁵⁶ Total student EFTS/total FTE academic staff

FINANCIAL STATEMENTS

INCOME STATEMENT

For the Year Ended 31 December 2009

		University			Consolidated	
		2009 Actual \$000s	2009 Budget \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
	Note					
REVENUE						
Government Operational Funding	2	131,909	128,876	116,928	131,909	116,928
Student Tuition Fees	3	96,169	90,189	85,729	96,169	85,729
Research Grants	4	8,366	10,205	8,382	8,371	8,454
Other Income	5	23,678	23,940	25,795	24,343	26,133
TOTAL REVENUE		260,122	253,210	236,834	260,792	237,244
EXPENSES						
Personnel Costs	6	161,372	156,267	147,424	161,372	147,424
Supplies and Other Costs	7	58,782	57,943	55,271	59,450	55,472
Depreciation, Amortisation and Impairment	8	28,064	27,055	24,322	28,064	24,322
Total Expenses before Finance Costs		248,218	241,265	227,017	248,886	227,218
Operating Surplus before Finance Costs		11,904	11,945	9,817	11,906	10,026
Finance Costs	9	3,674	4,365	4,951	3,674	4,951
Operating Surplus		8,230	7,580	4,866	8,232	5,075
Share of Associates' Surplus	14	-	-	-	21	33
Share of Jointly Controlled Entity's Deficit	15	-	-	-	(145)	-
NET SURPLUS		8,230	7,580	4,866	8,108	5,108

The accompanying notes form part of these Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2009

		University			Consolidated	
		2009 Actual \$000s	2009 Budget \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
	Note					
NET SURPLUS		8,230	7,580	4,866	8,108	5,108
OTHER COMPREHENSIVE INCOME						
Net loss on Available-for-Sale Financial Assets	26	(24)	-	(108)	(24)	(108)
Net gain/(loss) on Cash Flow Hedges	26	244	-	(588)	244	(588)
Total Other Comprehensive Income		220	-	(696)	220	(696)
TOTAL COMPREHENSIVE INCOME		8,450	7,580	4,170	8,328	4,412

The accompanying notes form part of these Financial Statements.

BALANCE SHEET

As at 31 December 2009

		University			Consolidated	
		2009 Actual \$000s	2009 Budget \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
	Note					
CURRENT ASSETS						
Cash and Cash Equivalents	10	817	68	713	1,870	1,727
Trade and Other Receivables	11	7,553	5,688	5,688	7,584	5,470
Inventories		160	171	171	160	171
Prepayments		1,794	1,059	1,059	1,796	1,059
Total Current Assets		10,324	6,986	7,631	11,410	8,427
NON-CURRENT ASSETS						
Available-for-Sale Financial Assets	12	161	185	185	161	185
Investment in Subsidiaries	13	100	100	100	-	-
Investment in Associates	14	417	417	417	508	520
Investment in Jointly Controlled Entity	15	10,800	-	-	10,655	-
Property, Plant and Equipment	16	462,477	469,288	448,163	462,477	448,163
Intangible Assets	17	4,649	6,486	6,486	4,649	6,486
Derivative Financial Instruments	23	228	-	-	228	-
Total Non-Current Assets		478,832	476,476	455,351	478,678	455,354
TOTAL ASSETS		489,156	483,462	462,982	490,088	463,781
CURRENT LIABILITIES						
Trade and Other Payables	18	21,064	14,115	14,115	21,261	14,057
Income in Advance	19	24,532	17,552	17,552	24,532	17,552
Employee Entitlements	20	11,496	7,348	7,348	11,496	7,348
Provisions	21	288	158	158	288	158
Finance Lease Borrowings	22	5,273	5,908	5,908	5,273	5,908
Derivative Financial Instruments	23	15	-	-	15	-
Total Current Liabilities		62,668	45,081	45,081	62,865	45,023
NON-CURRENT LIABILITIES						
Borrowings	24	48,700	58,200	46,200	48,700	46,200
Employee Entitlements	20	2,046	1,736	1,736	2,046	1,736
Provisions	21	381	528	528	381	528
Finance Lease Borrowings	22	37,835	41,245	40,345	37,835	40,345
Derivatives Financial Instruments	23	235	251	251	235	251
Total Non-Current Liabilities		89,197	101,960	89,060	89,197	89,060
TOTAL LIABILITIES		151,865	147,041	134,141	152,062	134,083
EQUITY						
General Equity	25	220,149	218,505	210,925	220,884	211,782
Revaluation Reserves	26	117,142	117,916	117,916	117,142	117,916
Total Equity		337,291	336,421	328,841	338,026	329,698
TOTAL LIABILITIES AND EQUITY		489,156	483,462	462,982	490,088	463,781

The accompanying notes form part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2009

	University			Consolidated	
	2009 Actual \$000s	2009 Budget \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
TOTAL EQUITY AT THE BEGINNING OF THE YEAR	328,841	328,841	237,671	329,698	238,286
Total Comprehensive Income	8,450	7,580	4,170	8,328	4,412
Suspensory Loans from the Crown	-	-	87,000	-	87,000
TOTAL EQUITY AT THE END OF THE YEAR	337,291	336,421	328,841	338,026	329,698

The accompanying notes form part of these Financial Statements.

STATEMENT OF CASH FLOWS

For the Year Ended 31 December 2009

		University		Consolidated		
		2009 Actual \$000s	2009 Budget \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
	Note					
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Government Grants		130,787	122,264	116,525	130,787	116,525
Receipts from Student Tuition Fees		98,453	90,189	85,318	98,453	85,318
Receipts from Service Provided Activities		25,604	30,552	25,509	25,604	25,509
Interest Received		6	50	393	30	450
Dividend Received		88	-	38	88	38
Receipts from Other Revenue		9,868	10,205	9,056	10,528	9,444
Payments to Employees		(156,915)	(156,678)	(146,486)	(156,915)	(146,486)
Payments to Suppliers		(55,832)	(57,532)	(57,149)	(56,497)	(57,149)
Interest paid		(3,856)	(4,695)	(5,424)	(3,856)	(5,424)
Net GST Received/(Paid) ⁵⁷		3,885	-	(1,595)	3,905	(1,595)
NET CASH FLOWS FROM OPERATING ACTIVITIES	29	52,088	34,355	26,185	52,127	26,630
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from Sale of Property, Plant and Equipment		64	-	108	64	108
Purchases of Property, Plant and Equipment		(39,898)	(41,010)	(65,251)	(39,898)	(65,251)
Purchases of Intangible Assets		(752)	(5,990)	(2,692)	(752)	(2,692)
Acquisitions of Investments		(7,500)	-	-	(7,500)	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		(48,086)	(47,000)	(67,835)	(48,086)	(67,835)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from/(Repayment of) Borrowings		2,500	12,000	(40,025)	2,500	(40,025)
Repayment of Finance Lease Borrowings		(6,398)	-	(5,946)	(6,398)	(5,946)
Suspensory Loans from the Crown		-	-	87,000	-	87,000
NET CASH FLOWS FROM FINANCING ACTIVITIES		3,898	12,000	41,029	(3,898)	41,029
Net Increase/(Decrease) in Cash and Cash Equivalents		104	(645)	(621)	143	(176)
Cash and Cash Equivalents at Beginning of the Year		713	713	1,334	1,727	1,903
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		817	68	713	1,870	1,727

The accompanying notes form part of these Financial Statements.

57 The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for Financial Statement purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Financial Statements are set out below. The Financial Statements include separate Financial Statements for Auckland University of Technology (the University) as an individual entity and the consolidated entity consisting of the University, its subsidiaries, and interest in an associate and a jointly controlled entity (the Group).

(a) Basis of Preparation

Reporting Entity

Auckland University of Technology is a university under the Auckland University of Technology (Establishment) Order 1999 and is domiciled in New Zealand. The primary objective of the University is to provide tertiary education services for the benefit of the community rather than making a financial return. For the purposes of financial reporting, the University and its subsidiaries are considered to be public benefit entities.

The Financial Statements of the University and the Group are for the year ended 31 December 2009. The Financial Statements are authorised for issue by Auckland University of Technology Council on 29 March 2010.

Statement of Compliance

The Financial Statements of the University and the Group have been prepared in accordance with the requirements of the Crown Entities Act 2004, as referred to in section 203 of the Education Act 1989.

The Financial Statements have been prepared in accordance with generally accepted accounting practice in New Zealand. They comply with *New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS)* and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

New or revised Standards and Interpretations that have been approved but are not yet effective have not been adopted by the University and the Group for the reporting period ended 31 December 2009. The adoption of these Standards and Interpretations is not expected to have a material recognition or measurement impact on these Financial Statements.

Measurement Base

The Financial Statements have been prepared on an accruals basis and are based on the historical cost convention as modified by the revaluation of certain assets and liabilities as identified in the summary of significant accounting policies. These include the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss and certain classes of property, plant and equipment.

Functional and Presentation Currency

The Financial Statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars, unless otherwise stated. The functional currency of the University and its subsidiaries is New Zealand dollars.

Changes in Accounting Policies

There have been no changes in accounting policies since the date of the last audited Financial Statements. All accounting policies have been applied consistently to all the periods presented in these Financial Statements.

The University and the Group have adopted the following revisions to accounting standards during the financial year which have only had a presentational or disclosure effect:

- NZ IAS 1 *Presentation of Financial Statements (revised 2007)* replaces NZ IAS 1 *Presentation of Financial Statements (issued 2004)* and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires information in Financial Statements to be aggregated on the basis of shared characteristics and introduces a Statement of Comprehensive Income. The Statement of Comprehensive Income enables readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The revised standard gives the University and the Group the option of presenting items of income and expense and components of other comprehensive income either in a single Statement of Comprehensive Income with subtotals, or in two separate statements (a separate Income Statement followed by a Statement of Comprehensive Income). The University and the Group have adopted a

separate Income Statement followed by a Statement of Comprehensive Income for the year ended 31 December 2009. Comparative information has been re-presented so that it also conforms with the revised standard. Those items of other comprehensive income presented in the Statement of Comprehensive Income were previously recognised directly in the Statement of Changes in Equity.

- Amendments to NZ IFRS 7 Financial Instruments: Disclosures. The amendments introduce a three-level fair value disclosure hierarchy that distinguishes fair value measurements by the significance of valuation inputs used. A maturity analysis of financial assets is also required to be prepared if this information is necessary to enable users of its financial statements to evaluate the nature and extent of liquidity risk. The transitional provisions of the amendment do not require disclosure of comparative information in the first year of application. The University and the Group have elected to disclose comparative information.

(b) Basis of Consolidation

The consolidated Financial Statements include the University and its subsidiaries, associate and joint venture interests.

Subsidiaries

Subsidiaries are all those entities over which the University has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the University. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between consolidated entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Investments in subsidiaries are carried at cost in the parent entity financial statements.

Associates

Associates are entities over which the University has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in material associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

Joint Ventures

The University has an interest in a joint venture which is a jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The University recognises its interest in the joint venture using the equity method of consolidation.

Under the equity method, the investment in the jointly controlled entity is carried at cost in the parent entity financial statements. In the consolidated financial statement, the investment is initially recognised at cost and subsequently adjusted for changes in the University's share of net assets of the joint venture, less any impairment in the value of investment. The University's share of the results of the joint venture is recognised in the Income Statement.

The financial statements of the joint venture are prepared for the same reporting period as the University. Adjustments are made where necessary to bring the accounting policies in line with those of the University.

(c) Revenue Recognition

Revenue comprises the fair value of the sale of goods and services, net of Goods and Services Tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

Government operational funding is recognised as revenue on entitlement.

Student tuition fees are recognised as revenue on a course percentage of completion basis. The percentage of completion is measured by reference to the days of the course completed as a proportion of the total course days.

Research grants which will provide reciprocal benefits to the research funding provider are recognised based on the percentage of completion method. The stage of completion is measured by reference to total expenditure incurred to date compared with the funding provided. Liabilities are recognised in the Balance Sheet as a future obligation to complete the research in respect of the grants which are unearned at the balance date. Research grants which provide no reciprocal benefits to the research funding provider are recognised as income when the grants are received.

Subsidies, donations and bequests are recognised as income when the right to receive the fund or asset has been established.

Revenue from the sale of goods is recognised when the goods have been delivered and the significant risks and rewards of ownership have been transferred to the customer and can be measured reliably.

Revenue from rendering a service is recognised upon the delivery of the service.

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income is recognised when the right to receive payment has been established.

(d) Property, Plant and Equipment

Each class of property, plant and equipment is valued at historical cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Land and Buildings

Crown-owned land and buildings that are used by the University are included as part of the University's property, plant and equipment. The University has sole and unrestricted use of these land and buildings and has assumed ownership of these assets by means of a lease from the Ministry of Education for a period of 99 years from 1 November 1994.

Following initial recognition at cost, all land and buildings, whether owned by the Crown or purchased and built out of the University's reserves are shown at fair value. Revaluation of land and buildings is carried out at least every three years by independent valuers to ensure that the carrying amount of these assets does not differ materially from its fair value at the balance date.

Any revaluation surplus arising on revaluation is credited to the asset revaluation reserve included in the equity section of the Balance Sheet. Decreases that offset previous increases of the same asset class are charged against the asset revaluation reserve directly in equity; all other decreases are charged to the Income Statement.

The last detailed revaluation of land and buildings was performed by Seagars and Partners, Registered Valuers, and the valuation was effective from 31 December 2007.

Library Collection

The library collection is valued at historical cost less accumulated depreciation and, where applicable, any impairment losses.

Work in Progress

Work in progress is valued on the basis of expenditure incurred up to balance date and is not depreciated. Financing costs have been capitalised during the construction of assets. The total cost of a project is transferred to the relevant asset class on completion and then depreciated.

Depreciation

All property, plant and equipment other than land, works of art and work in progress are depreciated using the straight-line method (except for motor vehicles, which uses the diminishing value method) to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	20 - 60 Years
Library Collection	10 Years
Plant and Equipment	10 Years
Specialty Electronics	6 Years
Furniture and Fittings	5 Years
Leasehold Improvements	5 Years
Motor Vehicles	5 Years
Office Equipment	5 Years
Computers and Electronic Equipment	3 Years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Balance Sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note (f)). Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

(e) Intangible Assets

Computer Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives, being three years.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of identifiable and unique software controlled by the University, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised on a straight-line basis over their estimated useful lives, being three years.

Programme Development

Costs incurred on development of new academic programmes are capitalised to the extent that such costs are expected to be recovered. Capital costs are amortised from the commencement of a particular programme on a straight-line basis over the period of their expected benefit, being three years.

Intellectual Property

Intellectual property is valued at cost of acquisition and is amortised on a straight-line basis over the period of its expected benefits, being five years.

(f) Impairment

Financial Assets

At each Balance Sheet date the University assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the Income Statement.

Non-Financial Assets

Non-financial assets that have an indefinite useful life or are not yet available for use, are not subject to amortisation and are tested annually for impairment. Non-financial assets that have a finite useful life are subject to amortisation or depreciation and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Any impairment losses are recognised in the Income Statement.

(g) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in values, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

(h) Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for impairment.

Collectability of receivables is reviewed on an ongoing basis. Receivables which are known to be uncollectable are written off. A provision for impairment of receivables is established when there is objective evidence that the University will not be able to collect all amounts due according to the original terms of receivables.

(i) Inventories

Inventories available for resale are valued at the lower of cost and net realisable value, with adjustment for slow moving and obsolete inventories. Cost is determined on a first-in first-out basis. All consumables are charged directly to expenditure. No inventories are pledged as security for liabilities at the balance date.

(j) Investments and Other Financial Assets

The University classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. The University determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Financial Assets at Fair Value Through Profit or Loss

This category has two subcategories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by the University.

The policy of the University is to designate a financial asset at fair value through profit and loss if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the Balance Sheet date. Derivatives that are not designated as hedges are categorised as financial assets held for trading.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the University provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the Balance Sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the Balance Sheet.

Held-to-Maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the University has the positive intention and ability to hold to maturity.

Available-for-Sale Financial Assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the University intends to dispose of the investment within 12 months of the Balance Sheet date.

Purchases and sales of investments are recognised on trade-date, the date on which the University commits to purchase or sell the asset. All investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the Income Statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the University has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value or at cost in cases where the fair value cannot be reliably measured. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the Income Statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the available-for-sale revaluation reserve.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the Income Statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the University establishes fair value by using appropriate valuation techniques. These include reference to the fair value of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstance. Where the fair value cannot be reliably determined the investments are measured at cost.

The University assesses at each Balance Sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the Income Statement. Impairment losses recognised in the Income Statement on equity instruments are not reversed through the Income Statement.

(k) Leases

Finance Leases

Leases where the University assumes substantially all the risks and rewards of ownership are classified as finance leases, whether or not title is eventually transferred.

Finance leases are capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. The corresponding liability to the lessor, net of finance charges, is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the finance lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are included in the Income Statement as finance costs.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term.

For a lease of land and buildings in which the minimum lease payments cannot be allocated reliably between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and buildings element of the lease at the inception of the lease, the entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

Operating Leases

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight-line basis over the period of the lease.

(l) Foreign Currency Translation

Transactions in foreign currencies are translated to New Zealand dollars at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are translated to New Zealand dollars at the foreign exchange rate ruling at that date. All foreign exchange differences arising on translation are recognised in the Income Statement.

(m) Derivative Financial Instruments and Hedge Accounting

The University uses derivative financial instruments, such as interest rate swaps and forward foreign exchange contracts to hedge its interest rate risks and foreign currency risks respectively. In accordance with its treasury policy, the University does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The fair value of interest rate swaps and forward foreign exchange contracts is determined by reference to market values for similar instruments.

For the purposes of hedge accounting, all the University's hedging instruments are designated as cash flow hedges. A cash flow hedge is defined as that which mitigates the exposure to variability in cash flows attributable to a particular risk associated with a recognised asset or liability, firm commitment, or highly probable forecast transaction, which could affect profit or loss. A cash flow hedge protects against the risk caused by variable prices, costs, rates or terms, which cause uncertainty in the future.

The University documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The University also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value or cash flows of hedged items.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in Other Comprehensive Income within the Statement of Comprehensive Income and the ineffective portion is recognised immediately in the Income Statement.

The gain or loss accumulated in equity is recognised in the Income Statement when the hedged cash flows are settled.

Changes in the fair value of any derivative instrument that do not qualify for hedge accounting are recognised immediately in the Income Statement.

(n) Goods and Services Tax (GST)

Auckland University of Technology is a registered 'person' as defined by the Goods and Services Act 1985. The Financial Statements have been prepared on a GST exclusive basis with the exception of accounts receivable and accounts payable, which are stated GST inclusive. When GST is not recoverable on input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department at balance date is included as part of the accounts receivable or accounts payable in the Balance Sheet.

The net GST paid to, or received from, the Inland Revenue Department, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

(o) Taxation

The University and its subsidiaries are exempt from the payment of income tax as they are treated by the Inland Revenue Department as charitable organisations for the purposes of the Income Tax Act. Accordingly, no provision for income tax has been made.

(p) Budget Figures

The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Auckland University of Technology Council for the preparation of the Financial Statements.

(q) Creditors and Other Payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

(r) Employee Entitlements

Employee entitlements to salaries and wages, annual leave, sick leave, long service leave, retirement leave and other similar benefits are recognised in the Income Statement when they accrue to employees. Employee entitlements to be settled within twelve months are reported at the amount expected to be paid. The liability for long-term employee entitlements is reported as the present value of the estimated future cash outflows.

Annual Leave

Liabilities for annual leave are measured at the amount of unused entitlement accumulated at balance date at relevant current rates of pay.

Sick Leave

Liabilities for sick leave are measured at the amounts of unused entitlement accumulated at balance date that the University anticipates employees will use in future periods.

Long Service Leave and Retirement Leave

Liability for long service leave and retirement leave are calculated on an actuarial basis and are based on: likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and the present value of the estimated future cash flows. A discount rate of 6.10% and an inflation factor of 3.00% were used. The discount rate is based on the weighted average of Government interest rates for bond with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long term increase in remuneration for employees.

Superannuation Schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes such as KiwiSaver contributions are recognised as an expense in the Income Statement as incurred.

Defined benefit schemes

The University belongs to the Government Superannuation Fund (GSF) scheme, which is a defined benefit scheme managed by the Government Superannuation Fund Authority. The University has no underwriting responsibilities, as any shortfall is met by the Government. As such, the GSF scheme is accounted for as a defined contribution scheme.

(s) Interest-bearing Borrowings

Interest-bearing borrowings are initially recognised at cost, being the fair value of the consideration received net of transaction costs associated with the borrowing.

Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any transaction costs, and any discount or premium on settlement.

Gains or losses are recognised in the Income Statement when the liabilities are derecognised as well as through the amortisation process.

(t) Borrowing Costs

Borrowing costs are recognised as an expense in the year in which they are incurred. The exception is borrowing costs which directly attribute to the acquisition, construction or production of a qualifying asset. These are capitalised as part of the cost of the asset until all substantial activities necessary to prepare the qualifying asset for its intended use are complete.

Capital works costing more than \$1 million are considered as qualifying assets.

(u) Provisions

Provisions are recognised when the University has a present legal or constructive obligation as a result of past events, when it is more likely than not that an outflow of resources will be required to settle the obligation, and when the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised in the Income Statement.

(v) Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of components. The components of equity are general funds and revaluation reserves.

(w) Critical Accounting Estimates and Assumptions

In preparing these Financial Statements, the University and the Group have made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Revaluation of Land and Buildings

Note 16 provides information about the estimates and assumptions exercised in the measurement of revalued land and buildings. The University relies on the services of independent valuers to assess the carrying values of land and buildings.

Long Service Leave and Retirement Leave

Note 20 provides an analysis of the exposure in relation to estimates and uncertainties surrounding long service leave and retirement leave liabilities. Assumptions made include discount rates, salary inflation and the number of staff that will reach the point of entitlement.

Reinstatement Provision

Note 21 represents the University's estimated liability to reinstate leased buildings to their original state at the expiry of the lease term.

Depreciation and Amortisation

At each balance sheet date, the University reviews the useful lives and residual values of its Property, Plant and Equipment, and Intangible Assets. Assessing the appropriateness of useful life and residual value estimates of Property, Plant and Equipment, and Intangible Assets requires the University to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the University, and expected disposal proceeds from the future sale of the asset. An incorrect estimate of the useful life or residual value will impact on the depreciable or amortisable amount of an asset, therefore impacting on the depreciation or amortisation expense recognised in the Income Statements, and carrying amount of the asset in the Balance Sheet.

The University has not made significant changes to past assumptions concerning useful lives and residual values. The carrying amounts of Property, Plant and Equipment are disclosed in Note 16 and Intangible Assets in Note 17.

(x) Critical Judgements in Applying Accounting Policies

The University has made the following critical judgements in applying accounting policies for the year ended 31 December 2009:

Crown Owned Land and Buildings

Property in the legal name of the Crown that is occupied by the University is recognised as an asset in the Balance Sheet. The University considers it has assumed all the normal risks and rewards of ownership of this property despite legal ownership not being transferred. Accordingly it would be misleading to exclude these assets from the financial statements.

The University has secured the use of the property by means of a lease from the Ministry of Education for a period of 99 years from 1 November 1994.

Suspensory Loans with Equity Conversion Features

The University received various suspensory loans from the Crown in 2008, whereby the loans convert to equity when the conversion conditions of the loan agreement are satisfied. As the University is committed to meeting the equity conversion conditions, it considers the suspensory loans are in substance equity contributions from the Crown and therefore recognises the amounts received directly in the Statement of Changes in Equity. Further information about the suspensory loans is disclosed in note 37.

Research Leave

Academic staff are entitled to research leave in certain circumstances. The substance of this leave is that it is leave from teaching duties to undertake research activity with staff continuing to earn their salary and other employee entitlements. The University is of the view that research leave is not the type of leave contemplated in NZ IAS 19 Employee Benefits. Accordingly, a liability has not been recognised for such leave.

NOTE 2: GOVERNMENT OPERATIONAL FUNDING

	University		Consolidated	
	2009 Actual \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
Student Achievement Component (SAC)	96,994	89,130	96,994	89,130
Tertiary Education Organisational Capability (TEOC)	11,466	8,810	11,466	8,810
Performance-based Research Funding (PBRF) – Note (A)	6,774	7,094	6,774	7,094
Tripartite Funding – Salaries	7,331	5,954	7,331	5,954
Priorities for Focus	1,962	–	1,962	–
Encouraging and Supporting Innovation (ESI)	1,431	–	1,431	–
Mangere Refugee Centre	1,456	1,384	1,456	1,384
Tertiary Students with Disabilities	412	382	412	382
Māori and Pacific Peoples	618	555	618	555
ITOs	–	28	–	28
TOPS/ETSA	990	773	990	773
Early Childhood Education – Note (B)	428	448	428	448
Other Government Funding (excl. Research Contracts)	2,047	2,370	2,047	2,370
TOTAL GOVERNMENT OPERATIONAL FUNDING	131,909	116,928	131,909	116,928

There are no unfulfilled conditions nor other contingencies attached to government grants recognised as income.

	University		Consolidated	
	2009 Actual \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
Note (A): PBRF Income				
Provisional PBRF Funding Received	6,662	6,393	6,662	6,393
Prior year PBRF Final Wash-up Received	112	701	112	701
Total PBRF Income	6,774	7,094	6,774	7,094
Note (B): Early Childhood Education				
INCOME				
Early Childhood Education Bulk Funding	409	433	409	433
Support Grant for Provisionally Registered Teachers	19	15	19	15
Total Early Childhood Education Funding Received	428	448	428	448
Other Income	217	181	217	181
Total Income	645	629	645	629
EXPENDITURE				
Operating Expenses	(652)	(593)	(652)	(593)
Support Grant Expenses	(23)	(14)	(23)	(14)
Total Expenditure	(675)	(607)	(675)	(607)
NET DEFICIT/(SURPLUS)	(30)	22	(30)	22
Value of Support Grants Received	19	15	19	15
Amount Spent on Supporting Provisionally Registered Teachers	23	14	23	14
Support Grants Were Applied to:				
Teaching Resources and Equipment	7	8	7	8
Training, Coaching and Support	16	6	16	6
TOTAL	23	14	23	14
Number of Support Grants Received	50	32	50	32

NOTE 3: STUDENT TUITION FEES

	University		Consolidated	
	2009 Actual \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
Domestic Fees	57,494	50,109	57,494	50,109
International Fees	38,675	35,620	38,675	35,620
TOTAL STUDENT TUITION FEES	96,169	85,729	96,169	85,729

NOTE 4: RESEARCH GRANTS

	University		Consolidated	
	2009 Actual \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
Research Grants Received	10,567	8,062	10,572	8,134
Research Grants Carried Forward	(2,201)	320	(2,201)	320
TOTAL RESEARCH GRANTS	8,366	8,382	8,371	8,454

Research grants carried forward represent the incomplete portion of research grants received as at year end.

NOTE 5: OTHER INCOME

	University		Consolidated	
	2009 Actual \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
Trading Income	12,375	11,580	12,375	11,580
Accommodation Income	4,284	4,258	4,284	4,258
Interest Income	6	393	31	450
Income from Available-for-sale Financial Assets	55	14	55	14
Income from Investment in Associate	33	24	-	-
Donation Received	72	272	72	570
Gain on Disposal of Property, Plant & Equipment	2	41	2	41
Other Operating Income	6,851	9,213	7,524	9,220
TOTAL OTHER INCOME	23,678	25,795	24,343	26,133

NOTE 6: PERSONNEL COSTS

	University		Consolidated	
	2009 Actual \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
Academic:				
Salaries and Wages	90,110	85,219	90,110	85,219
Defined Contribution Plan Employer Contributions	373	344	373	344
Employee Entitlements	1,257	282	1,257	282
Other Staff-related Costs	6,511	4,357	6,511	4,357
	98,251	90,202	98,251	90,202
Administration:				
Salaries and Wages	58,100	53,999	58,100	53,999
Defined Contribution Plan Employer Contributions	239	218	239	218
Employee Entitlements	1,032	241	1,032	241
Other Staff-related Costs	3,750	2,764	3,750	2,764
	63,121	57,222	63,121	57,222
TOTAL PERSONNEL COSTS	161,372	147,424	161,372	147,424

Employer contributions to defined contribution plans include contributions to KiwiSaver and Government Superannuation Fund Scheme.

NOTE 7: SUPPLIES AND OTHER COSTS

	University		Consolidated	
	2009 Actual \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
Consumables / Faculty Costs	18,800	14,056	18,800	14,056
Occupancy / Property Costs	8,790	7,689	8,790	7,689
Operating Lease Costs – Buildings	8,394	9,628	8,394	9,628
Operating Lease Costs – Equipment	1,154	1,225	1,154	1,225
Administration Expenses	7,558	7,369	7,563	7,377
Fees to Principal Auditor:				
Financial Statements Audit (Note A)	144	146	149	149
NZ IFRS Transition	-	-	-	3
Performance Based Research Fund Audit	8	8	8	8
Provision for Bad Debts:				
Change in Provision for Doubtful Debts	113	76	113	76
Bad Debts written off	229	240	229	240
Council Fees (Note 26)	110	121	110	121
Loss/(Gain) on Foreign Currency Translation	107	(741)	107	(741)
Loss on Derivative Financial Instruments	15	-	15	-
Other Operating Costs	13,360	15,454	14,018	15,641
TOTAL SUPPLIES AND OTHER COSTS	58,782	55,271	59,450	55,472

Note (A) – Includes audit fees of \$7,950 (2008: \$7,600) for Auckland University of Technology Foundation paid on behalf by Auckland University of Technology.

NOTE 8: DEPRECIATION, AMORTISATION AND IMPAIRMENT

	University		Consolidated	
	2009 Actual \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
Depreciation (Note 16)	24,626	22,458	24,626	22,458
Amortisation (Note 17)	1,522	1,814	1,522	1,814
Impairment (Note 16 & 17)	1,916	50	1,916	50
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT	28,064	24,322	28,064	24,322

NOTE 9: FINANCE COSTS

	University		Consolidated	
	2009 Actual \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
Interest on Borrowings	1,068	2,498	1,068	2,498
Fair Value Gain on Derivative Financial Instruments: Interest Rate Swaps – Cash Flow Hedges, transfer from Equity	–	(98)	–	(98)
Finance Charges on Finance Leases	2,788	3,024	2,788	3,024
Less: Borrowing Costs Capitalised	(182)	(473)	(182)	(473)
TOTAL FINANCE COSTS	3,674	4,951	3,674	4,951

The average interest rate used for the capitalisation of borrowing costs incurred on major capital works during the year was 3.42% (2008: 7.76%).

NOTE 10: CASH AND CASH EQUIVALENTS

	University		Consolidated	
	2009 Actual \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
Cash-at-bank and in hand	804	700	938	771
Short-term bank deposits	13	13	932	956
TOTAL CASH AND CASH EQUIVALENTS AS PER THE STATEMENT OF CASH FLOWS	817	713	1,870	1,727

Short-term bank deposits are made for varying periods of time, from one day to three months depending on immediate cash requirements, and earn interest at the respective short-term deposit rates. The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

The total value of cash and cash equivalents that can only be used for a specified purpose as outlined in the relevant trust deeds is \$827,000 (2008: \$687,000).

The weighted average effective interest rate for cash and cash equivalents was 3.08% (2008: 7.65%).

NOTE 11: TRADE AND OTHER RECEIVABLES

	University		Consolidated	
	2009 Actual \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
Trade Debtors	2,319	1,777	2,319	1,777
Less Provision for Impairment of Trade Debtors	(525)	(287)	(525)	(287)
	1,794	1,490	1,794	1,490
Student Debtors	3,139	2,479	3,139	2,479
Less Provision for Impairment of Student Debtors	(261)	(386)	(261)	(386)
	2,878	2,093	2,878	2,093
Related Parties (Note 27)	416	271	416	-
Accrued Revenue	908	509	925	560
Tertiary Education Commission	1,122	-	1,122	-
GST Receivable	-	481	-	481
Other Debtors	435	844	449	846
TOTAL TRADE AND OTHER RECEIVABLES	7,553	5,688	7,584	5,470

Trade debtors and student debtors are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of trade and other receivables approximates their fair value.

Movements in the provision for impairment of trade debtors and student debtors are as follows:

	University		Consolidated	
	2009 Actual \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
Trade Debtors:				
Opening Provisions	287	298	287	298
Additional Provisions Made During the Year	361	-	361	-
Release of Provisions During the Year	(82)	(11)	(82)	(11)
Amount of Provisions Utilised During the Year	(41)	-	(41)	-
Closing Provisions for Impairment of Trade Debtors	525	287	525	287
Student Debtors:				
Opening Provisions	386	298	386	298
Additional Provisions Made During the Year	187	328	187	328
Release of Provisions During the Year	(124)	-	(124)	-
Amount of Provisions Utilised During the Year	(188)	(240)	(188)	(240)
Closing Provisions for Impairment of Student Debtors	261	386	261	386

NOTE 11: TRADE AND OTHER RECEIVABLES (continued)

The ageing profile of trade debtors and student debtors at the reporting date is as follows:

	University			Consolidated		
	Gross \$000s	Impairment \$000s	Net \$000s	Gross \$000s	Impairment \$000s	Net \$000s
Trade Debtors:						
2009 – Under 30 days	1,223	-	1,223	1,223	-	1,223
31 – 60 days	583	(176)	407	583	(176)	407
61 – 90 days	268	(140)	128	268	(140)	128
Over 90 days	245	(209)	36	245	(209)	36
Total Trade Debtors	2,319	(525)	1,794	2,319	(525)	1,794
2008 – Under 30 days	745	-	745	745	-	745
31 – 60 days	500	-	500	500	-	500
61 – 90 days	187	-	187	187	-	187
Over 90 days	345	(287)	58	345	(287)	58
Total Trade Debtors	1,777	(287)	1,490	1,777	(287)	1,490
Student Debtors:						
2009 – Under 30 days	1,718	-	1,718	1,718	-	1,718
31 – 60 days	225	-	225	225	-	225
61 – 90 days	44	-	44	44	-	44
Over 90 days	1,152	(261)	891	1,152	(261)	891
Total Student Debtors	3,139	(261)	2,878	3,139	(261)	2,878
2008 – Under 30 days	585	-	585	585	-	585
31 – 60 days	497	-	497	497	-	497
61 – 90 days	73	-	73	73	-	73
Over 90 days	1,324	(386)	938	1,324	(386)	938
Total Student Debtors	2,479	(386)	2,093	2,479	(386)	2,093

NOTE 12: AVAILABLE-FOR-SALE FINANCIAL ASSETS

	University		Consolidated	
	2009 Actual \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
Listed Securities (at fair value):				
Independent News & Media Plc	8	32	8	32
	8	32	8	32
Unlisted Securities (at cost, less impairment):				
New Zealand Vice-Chancellors Committee	100	100	100	100
Polytechnics International New Zealand Limited	33	33	33	33
New Zealand Tertiary Education Consortium Limited	20	20	20	20
	153	153	153	153
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	161	185	161	185

Listed Securities

The fair values of listed securities are determined by reference to published current bid price quotations in an active market.

Unlisted Securities

Unlisted securities are carried at cost less any impairment, as the fair value of unlisted securities cannot be reliably determined using a standardised valuation technique as well as there being no active market for such securities.

NOTE 13: INVESTMENT IN SUBSIDIARIES

Name of Entity	Country of Incorporation	Nature of business	Ownership Interest	
			2009	2008
Auckland University of Technology Foundation	New Zealand	Promote academic excellence at Auckland University of Technology by charitable means.	100%	100%
AUT Enterprises Limited	New Zealand	Commercialisation of research and provision of consulting services.	100%	100%

Investment in Subsidiaries:

Auckland University of Technology Foundation
AUT Enterprises Limited

TOTAL INVESTMENT IN SUBSIDIARIES

University	
2009 Actual \$000s	2008 Actual \$000s
–	–
100	100
100	100

NOTE 14: INVESTMENT IN ASSOCIATES

Investments in associates are accounted for in the Financial Statements using the equity method of accounting. Information relating to the associates is set out below:

Name of Entity	Country of Incorporation	Nature of business	Ownership Interest	
			2009	2008
Prism3 Limited	New Zealand	Provides economic development advisory services.	–	50%
LCo New Zealand Limited	New Zealand	Provides library solutions to members of the Consortium.	20%	20%

Prism3 Limited

Prism3 Limited is a dormant company, which is deemed immaterial to the Group and therefore not consolidated. On 23 June 2009, Prism3 Limited was formally dissolved and removed from the Company Register. The dissolution of Prism3 Limited has no impact on the University's Financial Statements for the reporting period ended 31 December 2009.

LCo NEW ZEALAND LIMITED

LCo New Zealand Limited is an unlisted company which has the same reporting date as Auckland University of Technology. There is no published price quotation to determine the fair value of this investment.

The investment in the associate is carried at cost in Auckland University of Technology's Balance Sheet.

	University	
	2009 Actual \$000s	2008 Actual \$000s
Investment in Associates:		
Prism3 Limited	–	–
LCo New Zealand Limited	417	417
TOTAL INVESTMENT IN ASSOCIATES	417	417

There were no impairment losses relating to the investment in the associates and no capital commitments nor other commitments relating to the associates.

Auckland University of Technology's share of the result of the LCo New Zealand Limited is as follows:

	Consolidated	
	2009 Actual \$000s	2008 Actual \$000s
Share of Associate's Balance Sheet:		
Assets	741	611
Liabilities	(233)	(91)
Net Assets	508	520
Share of Associate's Revenue and Profit:		
Revenue	283	324
Net Surplus	21	33
Movement in carrying amount of Investment in Associate:		
Balance at the beginning of the year	520	511
Share of Associate's Net Surplus	21	33
Dividend Received	(33)	(24)
Carrying amount at the end of the year	508	520

NOTE 15: INVESTMENT IN JOINTLY CONTROLLED ENTITY

Auckland University of Technology has a 50% interest in AUT/Millennium Ownership Trust, a jointly controlled entity established by Auckland University of Technology and The North Shore Bays Community Fitness Centre Trust, to promote community fitness and well-being and to support elite sport.

AUT/Millennium Ownership Trust has the same reporting date as Auckland University of Technology.

The investment in the Jointly Controlled Entity is carried at cost in Auckland University of Technology's Balance Sheet.

	University	
	2009 Actual \$000s	2008 Actual \$000s
Investment in Jointly Controlled Entity:		
AUT/Millennium Ownership Trust	10,800	-
TOTAL INVESTMENT IN JOINTLY CONTROLLED ENTITY	10,800	-

	Consolidated	
	2009 Actual \$000s	2008 Actual \$000s
Share of Associate's Balance Sheet:		
Assets	14,285	-
Liabilities	(244)	-
Net Assets	14,041	-
Share of Associate's Revenue and Profit:		
Revenue	32	-
Net Deficit	(145)	-
Movement in carrying amount of Investment in Associate:		
Balance at the beginning of the year	-	-
Capital Contribution – Cash	7,500	-
Non-cash Capital Contribution – Land	3,300	-
Share of Jointly Controlled Entity's Net Deficit	(145)	-
Carrying amount at the end of the year	10,655	-

NOTE 16: PROPERTY, PLANT AND EQUIPMENT

Revaluation of land and buildings

All land and buildings, whether Crown-owned or AUT-owned were last revalued by Seagars and Partners, Registered Valuers, at 31 December 2007 to a fair value of \$318,064,000 using the depreciated replacement cost method.

A desktop revaluation of land and buildings was completed as at 31 December 2009 by Seagars and Partners, Registered Valuers. The percentage change between the valuer's desktop revaluation and the carrying net book value is not significantly different, and therefore no change has been made to the asset revaluation reserve.

Non-cash Transactions

During the year, the University transferred the land at Antares Place to AUT/Millennium Ownership Trust for non-cash consideration of \$3.3 million to acquire investment in AUT/Millennium Ownership Trust as indicated in Note 15.

During the year, the University acquired \$3.2 million of computers and electronic equipment under a finance lease (2008: \$5.5 million).

NOTE 16: PROPERTY, PLANT AND EQUIPMENT (continued)

2009 – University/Consolidated	Cost/Revaluation				Accumulated Depreciation and Impairment Losses				Net Book Value	
	Balance at 1 Jan 2009 \$000s	Additions/ (Reclassification) \$000s	Revaluation Increment \$000s	Disposals \$000s	Balance at 1 Jan 2009 \$000s	Depreciation \$000s	Disposals/ Eliminated on Revaluation \$000s	Impairment Losses \$000s	Balance at 1 Jan 2009 \$000s	Balance at 31 Dec 2009 \$000s
AUT-Owned Assets:										
Land	26,050	2,970	-	(3,284)	-	-	-	-	26,050	25,736
Land – Manukau Campus	29,190	-	-	-	-	-	-	-	29,190	29,190
Buildings	212,786	24,995	-	-	6,802	8,048	-	11	205,984	222,920
Buildings – Manukau Campus	-	6,805	-	-	-	180	-	-	-	6,625
Library Collection	39,244	4,829	-	-	19,168	3,377	-	-	20,076	21,528
Chattels	-	-	-	-	-	-	-	-	-	-
Computers and Electronic Equipment	12,416	2,925	-	(107)	11,246	1,218	(81)	6	1,170	2,845
Furniture and Fittings	11,517	1,085	-	(69)	9,196	1,217	(31)	11	2,321	2,140
Leasehold Improvements	11,327	272	-	-	10,011	447	-	-	1,316	1,141
Motor Vehicles	587	17	-	-	270	65	-	-	317	269
Office Equipment	4,692	122	-	(18)	3,919	368	(16)	3	773	522
Plant and Equipment	14,634	2,588	-	(190)	9,354	1,026	(178)	2	5,280	6,828
Specialty Electronics	1,414	421	-	-	769	290	-	-	645	776
Works of Art	309	-	-	-	-	-	-	-	309	309
WIP – Buildings	10,550	(3,470)	-	-	-	-	-	816	10,550	6,264
WIP – Manukau Campus Buildings	13,535	(3,477)	-	-	-	-	-	-	13,535	10,058
WIP - Others	489	(184)	-	-	-	-	-	-	489	305
TOTAL AUT-OWNED ASSETS	388,740	39,898	-	(3,668)	70,735	16,236	(306)	849	318,005	337,456
Crown-Owned Land and Buildings										
Land	34,925	-	-	-	-	-	-	-	34,925	34,925
Buildings	55,152	-	-	-	1,368	1,368	-	-	53,784	52,416
TOTAL CROWN-OWNED LAND & BUILDINGS	90,077	-	-	-	1,368	1,368	-	-	88,709	87,341
Assets Under Finance Leases										
Computers and Electronic Equipment	20,491	3,253	-	(5,288)	12,508	5,018	(5,288)	-	7,983	6,218
Buildings	43,242	-	-	-	9,776	2,004	-	-	33,466	31,462
TOTAL ASSETS UNDER FINANCE LEASES	63,733	3,253	-	(5,288)	22,284	7,022	(5,288)	-	41,449	37,680
TOTAL PROPERTY, PLANT & EQUIPMENT	542,550	43,151	-	(8,956)	94,387	24,626	(5,594)	849	448,163	462,477

NOTE 16: PROPERTY, PLANT AND EQUIPMENT (continued)

2008 – University/Consolidated	Cost/Revaluation				Accumulated Depreciation and Impairment Losses				Net Book Value	
	Balance at 1 Jan 2008 \$000s	Additions/ (Reclassification) \$000s	Revaluation Increment \$000s	Disposals \$000s	Balance at 31 Dec 2008 \$000s	Balance at 1 Jan 2008 \$000s	Depreciation \$000s	Disposals/ Eliminated on Revaluation \$000s	Impairment Losses \$000s	Balance at 31 Dec 2008 \$000s
AUT-OWNED ASSETS:										
Land	26,050	-	-	-	26,050	-	-	-	-	26,050
Land – Manukau Campus	-	29,190	-	-	29,190	-	-	-	-	29,190
Buildings	208,109	4,677	-	-	212,786	-	6,802	-	-	208,109
Library Collection	33,354	5,903	-	(13)	39,244	16,225	2,945	(2)	-	17,129
Chattels	-	-	-	-	-	-	-	-	-	-
Computers and Electronic Equipment	12,373	606	-	(563)	12,416	10,946	853	(562)	9	1,427
Furniture and Fittings	10,508	1,014	-	(5)	11,517	8,036	1,157	(4)	7	2,472
Leasehold Improvements	11,234	93	-	-	11,327	9,015	996	-	-	2,219
Motor Vehicles	555	123	-	(91)	587	241	93	(64)	-	314
Office Equipment	4,585	194	-	(87)	4,692	3,599	366	(64)	18	986
Plant and Equipment	12,524	2,209	-	(99)	14,634	8,581	852	(95)	16	3,943
Specialty Electronics	1,413	1	-	-	1,414	531	238	-	-	882
Works of Art	309	-	-	-	309	-	-	-	-	309
WIP – Buildings	7,128	5,318	-	(1,896)	10,550	-	-	-	-	7,128
WIP – Manukau Campus Buildings	-	13,535	-	-	13,535	-	-	-	-	-
WIP - Others	654	(165)	-	-	489	-	-	-	-	654
TOTAL AUT-OWNED ASSETS	328,796	62,698	-	(2,754)	388,740	57,174	14,302	(791)	50	271,622
Crown-Owned Land and Buildings										
Land	34,925	-	-	-	34,925	-	-	-	-	34,925
Buildings	50,703	4,449	-	-	55,152	-	1,368	-	-	50,703
TOTAL CROWN-OWNED LAND & BUILDINGS	85,628	4,449	-	-	90,077	-	1,368	-	-	85,628
Assets Under Finance Leases										
Computers and Electronic Equipment	20,869	5,595	-	(5,973)	20,491	13,698	4,783	(5,973)	-	7,171
Buildings	43,242	-	-	-	43,242	7,771	2,005	-	-	35,471
TOTAL ASSETS UNDER FINANCE LEASES	64,111	5,595	-	(5,973)	63,733	21,469	6,788	(5,973)	-	42,642
TOTAL PROPERTY, PLANT & EQUIPMENT	478,535	72,742	-	(8,727)	542,550	78,643	22,458	(6,764)	50	399,892
										448,163

NOTE 17: INTANGIBLE ASSETS

2009 – University/Consolidated

	Cost/Revaluation				Accumulated Amortisation and Impairment Losses				Net Book Value	
	Balance at 1 Jan 2009 \$000s	Additions/ (Reclassification) \$000s	Revaluation Increment \$000s	Disposals \$000s	Balance at 31 Dec 2009 \$000s	Balance at 1 Jan 2009 \$000s	Amortisation \$000s	Disposals/ Eliminated on Revaluation \$000s	Impairment Losses \$000s	Balance at 31 Dec 2009 \$000s
Intangible Assets:										
Intellectual Property	50	-	-	-	50	50	-	-	-	-
Software	9,433	1,937	-	-	11,370	7,520	1,369	-	130	9,019
Programme Development	2,007	941	-	-	2,948	1,659	153	-	212	2,024
WIP – Software	2,189	(906)	-	-	1,283	-	-	-	-	-
WIP – Programme Development	2,036	(1,220)	-	-	816	-	-	-	725	725
TOTAL INTANGIBLE ASSETS	15,715	752	-	-	16,467	9,229	1,522	-	1,067	11,818

2008 – University/Consolidated

	Cost/Revaluation				Accumulated Amortisation and Impairment Losses				Net Book Value	
	Balance at 1 Jan 2008 \$000s	Additions/ (Reclassification) \$000s	Revaluation Increment \$000s	Disposals \$000s	Balance at 31 Dec 2008 \$000s	Balance at 1 Jan 2008 \$000s	Amortisation \$000s	Disposals/ Eliminated on Revaluation \$000s	Impairment Losses \$000s	Balance at 31 Dec 2008 \$000s
Intangible Assets:										
Intellectual Property	50	-	-	-	50	50	-	-	-	-
Software	6,793	2,669	-	(29)	9,433	6,146	1,403	(29)	-	7,520
Programme Development	1,694	313	-	-	2,007	1,248	411	-	-	1,659
WIP – Software	3,481	(1,292)	-	-	2,189	-	-	-	-	-
WIP – Programme Development	1,034	1,002	-	-	2,036	-	-	-	-	-
TOTAL INTANGIBLE ASSETS	13,052	2,692	-	(29)	15,715	7,444	1,814	(29)	-	9,229

NOTE 18: TRADE AND OTHER PAYABLES

	University		Consolidated	
	2009 Actual \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
Trade Creditors	2,139	2,414	2,139	2,414
Creditors Accruals	9,568	6,145	9,773	6,148
Sundry Creditors	2,425	2,148	2,522	2,148
GST Payable	3,404	-	3,419	7
Withholding Tax Payable	3,408	3,340	3,408	3,340
Related Party (Note 27)	120	68	-	-
TOTAL TRADE AND OTHER PAYABLES	21,064	14,115	21,261	14,057

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.

NOTE 19: INCOME IN ADVANCE

	University		Consolidated	
	2009 Actual \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
Students Fees In Advance	15,667	12,598	15,667	12,598
Trust Funds	18	17	18	17
Research Funding Received In Advance	5,466	3,704	5,466	3,704
Other Income In Advance	3,381	1,233	3,381	1,233
TOTAL INCOME IN ADVANCE	24,532	17,552	24,532	17,552

NOTE 20: EMPLOYEE ENTITLEMENTS

	University		Consolidated	
	2009 Actual \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
Annual Leave	8,076	6,125	8,076	6,125
Accrued Salary Payments	1,141	512	1,141	512
Sick Leave	462	442	462	442
Other Employee Entitlements	1,817	269	1,817	269
Total Employee Entitlements – Current	11,496	7,348	11,496	7,348
Long Service Leave	672	501	672	501
Retirement Leave	1,374	1,235	1,374	1,235
Total Employee Entitlements – Non-current	2,046	1,736	2,046	1,736
TOTAL EMPLOYEE ENTITLEMENTS	13,542	9,084	13,542	9,084

The present value of the long service leave and retirement leave obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability include the discount rate of 6.10% and the salary inflation factor of 3.0%. Any changes in these assumptions will impact on the carrying amount of the liability.

In determining the appropriate discount rate, the University considered the interest rates on New Zealand government bonds with terms to maturity similar to those of the estimated future cash outflows. The inflation factor has been based on the expected long term increase in remuneration for employees.

NOTE 21: PROVISIONS

	University		Consolidated	
	2009 Actual \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
Reinstatement Provision for Leased Buildings:				
Opening Balance	686	582	686	582
Provision made during the year	58	104	58	104
Provision used during the year	(75)	-	(75)	-
Provision reversed during the year	-	-	-	-
CLOSING BALANCE	669	686	669	686
Comprising:				
Current	288	158	288	158
Non-current	381	528	381	528
TOTAL PROVISIONS	669	686	669	686

The reinstatement provision represents the University's estimated liability to reinstate leased buildings to their original state at the expiry of the lease term. The provision is calculated on the net present value of the estimated liability at lease expiry.

NOTE 22: FINANCE LEASES BORROWINGS

	University		Consolidated	
	2009 Actual \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
Not Later than one year	7,764	8,683	7,764	8,683
Later than one year and not later than five years	17,513	18,740	17,513	18,740
Later than five years	40,388	44,134	40,388	44,134
Total Minimum Finance Leases Payments	65,665	71,557	65,665	71,557
Future Finance Charges	(22,557)	(25,304)	(22,557)	(25,304)
Total Present Value of Minimum Finance Leases Payments	43,108	46,253	43,108	46,253
Present Value of Minimum Finance Leases:				
Not later than one year	5,273	5,908	5,273	5,908
Later than one year and not later than five years	9,055	9,766	9,055	9,766
Later than five years	28,780	30,579	28,780	30,579
Total Minimum Finance Leases Borrowings	43,108	46,253	43,108	46,253
Comprising:				
Current	5,273	5,908	5,273	5,908
Non-current	37,835	40,345	37,835	40,345
TOTAL PRESENT VALUE OF MINIMUM FINANCE LEASES BORROWINGS	43,108	46,253	43,108	46,253

Auckland University of Technology has entered into finance leases for various properties, computers and electronic equipment. The net carrying amount of the leased items within each class of Property, Plant and Equipment is shown in Note 16.

The finance leases can be renewed at Auckland University of Technology's option, with rents set by reference to current market rates for items of equivalent age and condition. Auckland University of Technology does have the option to purchase the asset at the end of the lease term. There are no restrictions placed on Auckland University of Technology by any of the finance leasing arrangements.

Auckland University of Technology leases approximately 18,332 square metres (2008: 18,332 square metres) of accommodation properties in Auckland to provide residential accommodation for students.

Auckland University of Technology leases 6,378 computers and electronic equipment for teaching, research and administrative purposes (2008: 5,158 computers and electronic equipment).

NOTE 23: DERIVATIVE FINANCIAL INSTRUMENTS

	University		Consolidated	
	2009 Actual \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
Non Current Asset Portion:				
Derivatives Designated as Cash Flow Hedges				
Interest Rate Swap	228	-	228	-
Current Liability Portion:				
Derivatives Not Designated as Hedges				
Forward foreign exchange contracts	15	-	15	-
Non Current Liability Portion:				
Derivatives Designated as Cash Flow Hedges				
Interest Rate Swap	235	251	235	251
TOTAL DERIVATIVE FINANCIAL INSTRUMENT LIABILITIES	22	251	22	251

Fair Value

Interest Rate Swaps

The fair values of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

Forward Foreign Exchange Contracts

The fair values of forward foreign exchange contracts have been determined using a discounted cash flows valuation technique based on quoted market prices. The inputs into the valuation model are from independently sourced market parameters such as currency rates. Most market parameters are implied from instrument prices.

The fair values of interest rate swaps have been determined using a discounted cash flows valuation technique based on quoted market prices.

Notional Principal Amount

Interest Rate Swaps

The notional principal amounts of interest rate swap contracts as at 31 December 2009 were \$19.0 million (2008: \$5.0 million). At 31 December 2009, the fixed interest rates of interest rate swaps vary from 4.46% to 6.98% (2008: 6.80% to 6.98%).

Forward Foreign Exchange Contracts

The notional principal amounts of forward foreign exchange contracts in New Zealand dollars were \$1.27 million (2008: \$Nil). The foreign currency principal amounts were United States dollars \$0.9 million.

NOTE 24: BORROWINGS

Auckland University of Technology has a multi-facility agreement (and the accompanying negative pledge deed) with the ANZ National Bank Limited. The facility is for \$70 million (2008: \$60 million) expiring 31 December 2011. At 31 December 2009, \$48,700,000 (2008: \$46,200,000) had been drawn down on this facility.

Auckland University of Technology uses the facility as a flexible finance facility, seeking to minimise debt as cash flows permit. The weighted average interest rate on the outstanding loan for the year was 3.12% (2008: 7.89%).

	University		Consolidated	
	2009 Actual \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
Opening Balance	46,200	86,225	46,200	86,225
Net Borrowings/(Repayments)	2,500	(40,025)	2,500	(40,025)
CLOSING BALANCE	48,700	46,200	48,700	46,200

NOTE 25: GENERAL EQUITY

	University		Consolidated	
	2009 Actual \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
Equity:				
Balance at the beginning of the year	123,925	119,059	124,782	119,674
Net Surplus for the year	8,230	4,866	8,108	5,108
Transfers from Suspensory Loans	16,667	-	16,667	-
Transfers from Assets Revaluation Reserve	994	-	994	-
Balance at the end of the year	149,816	123,925	150,551	124,782
Suspensory Loans:				
Balance at the beginning of the year	87,000	-	87,000	-
Equity Injection by the Crown	-	87,000	-	87,000
Convert to Equity (Note 37)	(16,667)	-	(16,667)	-
Balance at the end of the year	70,333	87,000	70,333	87,000
TOTAL GENERAL EQUITY	220,149	210,925	220,884	211,782

In 2009, Auckland University of Technology received two conversion confirmation notices as detailed in Note 37 reflecting the commitment and delivery of the key performance measures required by the Crown to the ongoing treatment of suspensory loans as equity.

NOTE 26: REVALUATION RESERVES

	University		Consolidated	
	2009 Actual \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
Assets Revaluation Reserve:				
Balance at the beginning of the year	118,176	118,176	118,176	118,176
Transfer to General Equity on Disposal of Land	(994)	-	(994)	-
Changes due to Revaluation of:				
Crown-Owned Land	-	-	-	-
Crown-Owned Buildings	-	-	-	-
AUT-Owned Land	-	-	-	-
AUT-Owned Buildings	-	-	-	-
Balance at the end of the year	117,182	118,176	117,182	118,176
Available-for-Sale Revaluation Reserve:				
Balance at the beginning of the year	(9)	99	(9)	99
Net fair value gains/(losses) in the year	(24)	(108)	(24)	(108)
Balance at the end of the year	(33)	(9)	(33)	(9)
Cash Flow Hedge Reserve:				
Balance at the beginning of the year	(251)	337	(251)	337
Net fair value gains/(losses) in the year	244	(588)	244	(588)
Balance at the end of the year	(7)	(251)	(7)	(251)
TOTAL REVALUATION RESERVES	117,142	117,916	117,142	117,916

Assets Revaluation Reserve

A desktop valuation of land and buildings as at 31 December 2009 was performed by Seagars and Partners, Registered Valuers, with no change in values made to the asset values as disclosed in Note 16 due to the immaterial difference.

NOTE 27: RELATED PARTY TRANSACTIONS

Crown/Government

The government influences the role of Auckland University of Technology as well as being a major source of revenue. Auckland University of Technology enters into transactions with government departments and Crown agencies. These are separately disclosed elsewhere in the Financial Statements.

Subsidiaries, Associates and Jointly Controlled Entity

Auckland University of Technology is the ultimate parent of the group. The group contains the subsidiaries, associates and jointly controlled entity as disclosed in the Financial Statements. During the year, the following transactions were carried out with related parties:

	2009 Actual \$000s	2008 Actual \$000s
SUBSIDIARY COMPANIES		
Auckland University of Technology Foundation		
Donation received on behalf	1	204
Grants and scholarships received on behalf	39	187
Grants and scholarships received from subsidiary	35	-
Creditor payment on behalf	13	7
Cash advance	-	280
Accounts receivable	-	271
Accounts payable	5	-
AUT Enterprises Limited		
Operating revenue received on behalf	225	23
Operating expenses paid on behalf	105	14
Accounts payable	115	68
ASSOCIATE COMPANIES		
LCo New Zealand Limited		
Purchase of services	524	364
Accounts payable	-	1
Prism3 Limited – Associate		
No related party transactions were entered into during the year	-	-
JOINTLY CONTROLLED ENTITY		
AUT/Millennium Ownership Trust		
Capital Contribution - Cash	7,500	-
Non-cash Capital Contribution – Land	3,300	-
Accounts receivable	416	-

All related party transactions are on market terms and conditions.

NOTE 27: RELATED PARTY TRANSACTIONS (continued)

Key Management Personnel

	University		Consolidated	
	2009 Actual \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
Salaries and other short-term employee entitlements	3,384	3,101	3,384	3,101
Post-employment entitlements	31	20	31	20
Termination benefits	64	-	64	-
TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION	3,479	3,121	3,479	3,121

Key management personnel include the Chancellor, Vice-Chancellor, Members of Council, and other senior management personnel reporting directly to the Vice-Chancellor.

There are close family members of key management personnel employed by the University. The terms and conditions of those arrangements are no more favourable than the University would have adopted if there were no such relationship.

The Vice-Chancellor is a Trustee of AUT/Millennium Ownership Trust (a newly-established jointly controlled entity of the University). His fees in relation to this position are paid directly to the University.

Councillors

During the year, the following Councillors were members of organisations that have entered into transactions with Auckland University of Technology as part its normal operations.

	Purchases Actual \$000s	Sales Actual \$000s	Accounts Payable Actual \$000s	Accounts Receivable Actual \$000s
2009				
P Dunphy				
New Zealand Post (Director)	409	14	3	-
Accident Compensation Corporation (Board Member)	717	578	-	47
L Henry				
Cranleigh Merchant Bank (Chairman)	-	-	-	-
Medtech Limited (Director)	6	-	-	-
J Maasland				
APN News & Media (Director)	13	-	-	-
J Martin				
Minter Ellison Rudd Watts (Partner)	24	-	-	-
2008				
P Dunphy				
New Zealand Post (Director)	459	65	-	-
Accident Compensation Corporation (Board Member)	692	327	-	-
L Henry				
Cranleigh Merchant Bank (Chairman)	3	-	-	-
Medtech Limited (Director)	7	-	-	-
J Martin				
Quotable Value Limited (Director)	2	-	-	-
Minter Ellison Rudd Watts (Partner)	20	-	-	-

All transactions were made on normal commercial terms and conditions. Outstanding balances at year-end are unsecured and interest free.

No provision has been required, nor any expense recognised for impairment of accounts receivable from related parties (2008: \$nil).

NOTE 28: COUNCILLORS' FEES

The following fees were earned by members of Auckland University of Technology Council during the year.

Council Member	2009 Actual \$000s	2008 Actual \$000s
U Aiono	5	7
R Carr	-	2
A Cocker	6	7
D Craig	4	5
F Davies	6	7
A D Cruz	7	7
H Duncan	6	5
P Dunphy	4	4
N Glavish	2	1
L Henry*	5	2
J Herman	-	9
J Hill	6	7
P Kingi	3	5
J Law	3	5
J Maasland	3	-
J Martin	5	9
V Ng Lam	6	-
J O'Hara	5	3
P Phillips	4	5
P Reeves	25	25
J Schofield	5	6
TOTAL COUNCILLORS' FEES	110	121

* L Henry is a Trustee of AUT/Millennium Ownership Trust (a newly-established jointly controlled entity of the University) and received fees of \$8,661 (2008: \$nil) in relation to that position.

NOTE 29: RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	University		Consolidated	
	2009 Actual \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
Net Surplus from Operations	8,230	4,866	8,108	5,108
Adjustments for items not involving cash:				
Depreciation, Amortisation and Impairment	28,064	24,322	28,064	24,322
Increase/(Decrease) in Employee Entitlements – Term Portion	310	34	310	34
Increase/(Decrease) in Reinstatement Provision	(17)	104	(17)	104
(Gain)/Loss on Foreign Currency Translation	107	(741)	107	(741)
(Gain)/Loss on Derivative Financial Instruments – Non-hedged	15	–	15	–
Share of Associates' Net Surplus	–	–	(21)	(33)
Share of Jointly Controlled Entity's Net Deficit	–	–	145	–
Total Items Not Involving Cash	28,479	23,719	28,603	23,686
Movements in Working Capital:				
(Increase)/Decrease in Trade and Other Receivables	(1,865)	(759)	(2,114)	(818)
(Increase)/Decrease in Prepayments	(735)	(277)	(737)	(277)
(Increase)/Decrease in Inventories	11	(56)	11	(56)
Increase/(Decrease) in Trade and Other Payables	6,949	(3,180)	7,204	(2,909)
Increase/(Decrease) in Income in Advance	6,980	267	6,980	267
Increase/(Decrease) in Current Employee Entitlements	4,148	904	4,148	904
Total Movements in Working Capital	15,488	(3,101)	15,492	(2,889)
Increase/(Decrease) in Capital Accruals	(107)	742	(74)	766
Net Gain on Disposal of Property, Plant and Equipment	(2)	(41)	(2)	(41)
Add/(Less) Items Classified as Investing Activities	(109)	701	(76)	725
NET CASH FLOW FROM OPERATING ACTIVITIES	52,088	26,185	52,127	26,630

NOTE 30: CAPITAL COMMITMENTS

	University		Consolidated	
	2009 Actual \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment.	2,168	19,947	2,168	19,947
Balance of committed capital contribution to AUT/Millennium Ownership Trust (Note 38)	7,500	–	7,500	–
TOTAL CAPITAL COMMITMENTS	9,668	19,947	9,668	19,947

NOTE 31: OPERATING LEASES COMMITMENTS – AS LESSEE

Commitments for future aggregate minimum lease payments, in relation to non-cancellable operating leases contracted at the reporting date but not recognised as liabilities are as follows:

	University		Consolidated	
	2009 Actual \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
Not Later than one year	6,555	6,957	6,555	6,957
Later than one year and not later than five years	6,904	10,636	6,904	10,636
Later than five years	1,597	1,726	1,597	1,726
TOTAL NON-CANCELLABLE OPERATING LEASES	15,056	19,319	15,056	19,319

Auckland University of Technology leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 36 months. Auckland University of Technology does have the option to purchase the asset at the end of the lease term.

Auckland University of Technology leases 27,064 square metres (2008: 33,954 square metres) of office space in Auckland for teaching, research, and administrative purposes. The majority of these leases can be renewed at Auckland University of Technology's option, with rents set by reference to current market rates for items of equivalent age and condition.

NOTE 32: FINANCIAL INSTRUMENT

The accounting policies for financial instruments have been applied to the line items below:

	University		Consolidated	
	2009 Actual \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
FINANCIAL ASSETS				
Loans and Receivables				
Cash and Cash Equivalents	817	713	1,870	1,727
Trade and Other Receivables	7,553	5,688	7,584	5,470
Investments Carried at Cost	153	153	153	153
TOTAL LOANS AND RECEIVABLES	8,523	6,554	9,607	7,350
Fair Value through Other Comprehensive Income				
Listed Securities	8	32	8	32
Derivatives designated as Cash Flow Hedges				
Interest Rate Swap	228	-	228	-
FINANCIAL LIABILITIES				
Derivatives designated as Cash Flow Hedges				
Interest Rate Swap	235	251	235	251
Derivatives not designated as Hedges				
Forward Foreign Exchange Contracts	15	-	15	-
Financial Liabilities Measured at Amortised Costs				
Trade and Other Payables	21,064	14,115	21,261	14,057
Borrowings	48,700	46,200	48,700	46,200
TOTAL FINANCIAL LIABILITIES MEASURED AT AMORTISED COSTS	69,764	60,315	69,961	60,257

NOTE 32: FINANCIAL INSTRUMENT (continued)**Fair Value Hierarchy Disclosures**

For those instruments recognised at fair value on the Balance Sheet, fair values are determined according to the following hierarchy:

1. Quoted market price – Financial instruments with quoted prices for identical instruments in active markets.
2. Valuation technique using observable inputs – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
3. Valuation techniques with significant non-observable inputs – Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value on the Balance Sheet:

		Valuation Technique		
	Total \$000s	Quoted Market Price \$000s	Observable Inputs \$000s	Significant Non-observable Input \$000s
University 2009				
Financial Assets				
Interest Rate Swap – Cash Flow Hedges	228	–	228	–
Listed Securities	8	8	–	–
Financial Liabilities				
Interest Rate Swap – Cash Flow Hedges	235	–	235	–
Forward Foreign Exchange Contracts – Non-hedged	15	–	15	–
Consolidated 2009				
Financial Assets				
Interest Rate Swap – Cash Flow Hedges	228	–	228	–
Listed Securities	8	8	–	–
Financial Liabilities				
Interest Rate Swap – Cash Flow Hedges	235	–	235	–
Forward Foreign Exchange Contracts – Non-hedged	15	–	15	–
University 2008				
Financial Assets				
Listed Securities	32	32	–	–
Financial Liabilities				
Interest Rate Swap – Cash Flow Hedges	251	–	251	–
Consolidated 2008				
Financial Assets				
Listed Securities	32	32	–	–
Financial Liabilities				
Interest Rate Swap – Cash Flow Hedges	251	–	251	–

NOTE 33: FINANCIAL INSTRUMENT RISKS

Auckland University of Technology's activities expose it to a variety of financial risks including market risk (interest rate risk, currency risk and price risk), credit risk and liquidity risk. The University's Treasury Management Policy and overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the University. The University uses derivative financial instruments such as interest rate swaps and forward foreign exchange contracts to hedge certain risk exposures.

Financial risk management is carried out under the Treasury Management Policy approved by the Council of the University. The Council provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Council-approved Treasury Management Policy does not allow any transactions that are speculative in nature to be entered into.

Market Risk

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the University's financial instruments will fluctuate due to changes in market interest rates. Auckland University of Technology is exposed to interest rate risk from its interest-earning financial assets and interest-bearing liabilities.

Auckland University of Technology is risk averse and seeks to minimise exposure arising from its treasury activities. It does not undertake unnecessary investment or borrowing activity, nor is it speculative in the activity it undertakes.

Auckland University of Technology manages its interest rate risk on borrowings by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings at floating rates and swapping them into fixed rates that are generally lower than those available if Auckland University of Technology borrowed at fixed rates directly. Under the interest rate swaps, Auckland University of Technology agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Auckland University of Technology has transactional currency exposures. Such exposure arises from the purchase of goods and services in currencies other than the local currency.

It is the University's Treasury Management Policy to manage foreign currency risks arising from contractual commitments and liabilities that are above specified amounts by entering into forward foreign exchange contracts or supplier guaranteed New Zealand Dollar purchase price contracts to hedge the foreign currency risk exposure.

Price Risk

Auckland University of Technology is exposed to equity securities price risk. This arises from investments held by the University and classified in the Balance Sheet either as available-for-sale financial assets or at fair value through profit or loss.

The University does not manage the price risk arising from investments in equity securities. The price risk for the equity securities is immaterial in terms of the possible impact on profit or loss or total equity. It has therefore not been included in the sensitivity analysis.

NOTE 33: FINANCIAL INSTRUMENT RISKS (continued)

Credit Risk

Credit risk is the risk that a third party will default on its obligations to the University, thereby causing the University to incur a loss. The University's Treasury Management Policy limits the amount of credit exposure to any one financial institution or organisation. The University only invests funds with entities that have a Standard and Poor's credit rating of at least 'A-2' for short term and 'A' for long-term investments.

The University has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

The maximum credit exposure for each class of financial instrument is as follows:

	University		Consolidated	
	2009 Actual \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
Cash and Cash Equivalents	817	713	1,870	1,727
Trade and Other Receivables	7,553	5,688	7,584	5,470
TOTAL CREDIT RISK	8,370	6,401	9,454	7,197

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

	University		Consolidated	
	2009 Actual \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
COUNTERPARTIES WITH CREDIT RATINGS				
Cash and Cash Equivalents:				
AA	817	713	1,870	1,727
Total Cash and Cash Equivalents	817	713	1,870	1,727
Derivative Financial Instrument Assets:				
AA	228	–	228	–
Total Derivative Financial Instrument Assets	228	–	228	–

Trade and other receivables mainly arise from the University's operating functions, therefore there are no procedures in place to monitor or report the credit quality of trade and other receivables with reference to internal or external credit ratings. The University is not exposed to any material concentrations of credit risk. Trade and other receivable balances are monitored on an ongoing basis to ensure that the exposure to bad debts is not significant.

NOTE 33: FINANCIAL INSTRUMENT RISKS (continued)

Liquidity Risk

Management of Liquidity Risk

Liquidity risk is the risk that the University will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of unutilised committed credit facilities.

The University manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. To provide flexibility in the management of the University's liquidity, the University has established a multi-facility agreement (and the accompanying negative pledge deed) with the ANZ National Bank Limited (for details refer to Note 24: Borrowings).

Contractual Maturity Analysis of Financial Liabilities

The table below analyses the University's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt is based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying Amount \$000s	Contractual Cash flows \$000s	Less than 1 year \$000s	2-5 years \$000s	More than 5 years \$000s
UNIVERSITY 2009					
Trade and Other Payables	21,064	21,064	21,064	-	-
Net Settled Derivative Liabilities	250	250	15	235	-
Finance Leases	43,108	43,108	5,273	9,055	28,780
Borrowings	48,700	48,700	-	48,700	-
TOTAL	113,122	113,122	26,352	57,990	28,780
CONSOLIDATED 2009					
Trade and Other Payables	21,261	21,261	21,261	-	-
Net Settled Derivative Liabilities	250	250	15	235	-
Finance Leases	43,108	43,108	5,273	9,055	28,780
Borrowings	48,700	48,700	-	48,700	-
TOTAL	113,319	113,319	26,549	57,990	28,780
UNIVERSITY 2008					
Trade and Other Payables	14,115	14,115	14,115	-	-
Net Settled Derivative Liabilities	251	251	-	251	-
Finance Leases	46,253	46,253	5,908	9,766	30,579
Borrowings	46,200	46,200	-	46,200	-
TOTAL	106,819	106,819	20,023	56,217	30,579
CONSOLIDATED 2008					
Trade and Other Payables	14,057	14,057	14,057	-	-
Net Settled Derivative Liabilities	251	251	-	251	-
Finance Leases	46,253	46,253	5,908	9,766	30,579
Borrowings	46,200	46,200	-	46,200	-
TOTAL	106,761	106,761	19,965	56,217	30,579

NOTE 33: FINANCIAL INSTRUMENT RISKS (continued)*Contractual Maturity Analysis of Financial Assets*

The table below analyses the University's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Carrying Amount \$000s	Contractual Cash flows \$000s	Less than 1 year \$000s	2-5 years \$000s	More than 5 years \$000s
UNIVERSITY 2009					
Cash and Cash Equivalents	817	817	817	-	-
Trade and Other Receivables	7,553	7,553	7,553	-	-
Net Settled Derivative Assets	228	228	-	228	-
TOTAL	8,598	8,598	8,370	228	-
CONSOLIDATED 2009					
Cash and Cash Equivalents	1,870	1,870	1,870	-	-
Trade and Other Receivables	7,584	7,584	7,584	-	-
Net Settled Derivative Assets	228	228	-	228	-
TOTAL	9,682	9,682	9,454	228	-
UNIVERSITY 2008					
Cash and Cash Equivalents	713	713	713	-	-
Trade and Other Receivables	5,688	5,688	5,688	-	-
TOTAL	6,401	6,401	6,401	-	-
CONSOLIDATED 2008					
Cash and Cash Equivalents	1,727	1,727	1,727	-	-
Trade and Other Receivables	5,470	5,470	5,470	-	-
TOTAL	7,197	7,197	7,197	-	-

NOTE 33: FINANCIAL INSTRUMENT RISKS (continued)

Sensitivity Analysis

The tables below illustrate the potential profit and loss and equity (excluding retained surplus) impact for reasonably possible market movements in interest rates, with all other variables held constant, based on the University's financial instrument exposures at balance date.

	University				Consolidated			
	+100 bps		-100 bps		+100 bps		-100 bps	
	Profit \$000s	Other Equity \$000s	Profit \$000s	Other Equity \$000s	Profit \$000s	Other Equity \$000s	Profit \$000s	Other Equity \$000s
2009								
INTEREST RATE RISK								
Financial Assets								
Cash and Cash Equivalents	8	-	(8)	-	19	-	(19)	-
Interest Rate Swaps	-	-	-	-	-	-	-	-
Financial Liabilities								
Interest Rate Swaps	-	12	-	(12)	-	12	-	(12)
Borrowings	(437)	-	437	-	(437)	-	437	-
Total Sensitivity to Interest Rate Risk	(429)	12	429	(12)	(418)	12	418	(12)

	University				Consolidated			
	+10%		-10%		+10%		-10%	
	Profit \$000s	Other Equity \$000s	Profit \$000s	Other Equity \$000s	Profit \$000s	Other Equity \$000s	Profit \$000s	Other Equity \$000s
2009								
CURRENCY RISK								
Financial Assets								
Cash and Cash Equivalents	(16)	-	66	-	(16)	-	66	-
Financial Liabilities								
Trade and Other Payables	24	-	(30)	-	24	-	(30)	-
Forward Foreign Exchange Contracts	(114)	-	142	-	(114)	-	142	-
Total Sensitivity to Currency Risk	(106)	-	178	-	(106)	-	178	-
EQUITY PRICE RISK								
Other Financial Assets								
Listed Securities	-	1	-	(1)	-	1	-	(1)
Total Sensitivity to Equity Price Risk	-	1	-	(1)	-	1	-	(1)

NOTE 33: FINANCIAL INSTRUMENT RISKS (continued)

	University				Consolidated			
	+100 bps		-100 bps		+100 bps		-100 bps	
	Profit \$000s	Other Equity \$000s	Profit \$000s	Other Equity \$000s	Profit \$000s	Other Equity \$000s	Profit \$000s	Other Equity \$000s
2008								
INTEREST RATE RISK								
Financial Assets								
Cash and Cash Equivalents	7	-	(7)	-	17	-	(17)	-
Interest Rate Swaps	-	-	-	-	-	-	-	-
Financial Liabilities								
Interest Rate Swaps	-	6	-	(6)	-	6	-	(6)
Borrowings	(437)	-	437	-	(437)	-	437	-
Total Sensitivity to Interest Rate Risk	(430)	6	430	(6)	(420)	6	420	(6)

	University				Consolidated			
	+10%		-10%		+10%		-10%	
	Profit \$000s	Other Equity \$000s	Profit \$000s	Other Equity \$000s	Profit \$000s	Other Equity \$000s	Profit \$000s	Other Equity \$000s
2008								
CURRENCY RISK								
Financial Assets								
Cash and Cash Equivalents	(7)	-	8	-	(7)	-	8	-
Financial Liabilities								
Trade and Other Payables	-	-	-	-	-	-	-	-
Total Sensitivity to Currency Risk	(7)	-	8	-	(7)	-	8	-
EQUITY PRICE RISK								
Other Financial Assets								
Listed Securities	-	3	-	(3)	-	3	-	(3)
Total Sensitivity to Equity Price Risk	-	3	-	(3)	-	3	-	(3)

NOTE 34: CAPITAL MANAGEMENT

The University's capital is its equity, which comprises retained surpluses and reserves. Equity is represented by net assets. The University manages its revenue, expenses, assets, liabilities, and general financial dealings prudently. The University's equity is largely managed as a by-product of managing income, expenses, assets and liabilities.

The objective of managing the University's equity is to ensure the University effectively achieves the goals and objectives for which it has been established, while remaining a going concern.

NOTE 35: SEGMENTAL INFORMATION

Auckland University of Technology operates predominantly in one industry, tertiary education, and in one geographical area, Auckland, New Zealand.

NOTE 36: EXCEPTIONAL RISKS OF OPERATING

There are a number of factors that could adversely affect Auckland University of Technology's operating surplus. Most notably, a significant change in New Zealand or foreign government's immigration or visitors' permits policy could affect International Student Fees. 15% (2008: 15%) of total revenue is derived from International Student Fees.

NOTE 37: CONTINGENCIES

Contingent Liabilities

Reinstatement of Leased Buildings

	University		Consolidated	
	2009 Actual \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
Reinstatement of Leased Buildings	234	153	234	153

The above reinstatement costs have not been recognised as liabilities in the Balance Sheet, as the outflow of expenditure to settle them is not probable. There is no reinstatement clause in the lease agreement and the obligation to restore the leased building to its original condition at the end of the lease terms only exists if required by the landlord.

Suspensory Loans from Crown

In 2008, the University received three suspensory loans from the Crown to the value of \$50 million, \$25 million and \$12 million. These loans were recognised as contingent liabilities at 31 December 2008. These suspensory loans have been recognised as the Crown's equity injection within general equity until the option to convert expires at 30 June 2012, 30 June 2010 and 30 June 2014 respectively.

In the event of the University not achieving the required performance targets or objectives set under the terms and conditions of the suspensory loan agreements, the loans are repayable to the Crown.

In 2009, \$16.7 million has been converted to equity following the University meeting the conversion conditions noted below. The balances of suspensory loans that are still subject to achieving the required performance targets or objectives are as follows:

NOTE 37: CONTINGENCIES (continued)

	University		Consolidated	
	2009 Actual \$000s	2008 Actual \$000s	2009 Actual \$000s	2008 Actual \$000s
\$50 million Suspensory Loan				
Balance at the beginning of the year	50,000	-	50,000	-
Receipt of Suspensory Loan	-	50,000	-	50,000
Balance at the end of the year	50,000	50,000	50,000	50,000
\$25 million Suspensory Loan				
Balance at the beginning of the year	25,000	-	25,000	-
Receipt of Suspensory Loan	-	25,000	-	25,000
Convert to Equity (see note below)	(16,667)	-	(16,667)	-
Balance at the end of the year	8,333	25,000	8,333	25,000
\$12 million Suspensory Loan				
Balance at the beginning of the year	12,000	-	12,000	-
Receipt of Suspensory Loan	-	12,000	-	12,000
Balance at the end of the year	12,000	12,000	12,000	12,000
TOTAL SUSPENSORY LOANS	70,333	87,000	70,333	87,000

During the year, the University has received following Conversion Confirmation Notices from the Crown relating to the \$25 million suspensory loan agreement:

- Conversion Confirmation Notices dated 30 June 2009, confirmed that the University has met the conversion conditions 6.1.1 under the agreement and the suspensory loan amount of \$8,333,333 has been converted into equity from the date of the Conversion Confirmation Notice.
- Conversion Confirmation Notices dated 21 July 2009, confirmed that the University has met the conversion conditions 6.1.3 under the agreement and the suspensory loan amount of \$8,333,333 has been converted into equity from the date of the Conversion Confirmation Notice.

The University is committed to meeting the required performance targets or objectives of the suspensory loans and considers it unlikely any part of the loans will be required to be repaid.

NOTE 38: BUDGET FIGURES

It is a requirement of the Crown Entities Act 2004 for the Budget to be set before the beginning of each financial year. As a result of the delayed confirmation of Government funding in 2008, the Budget for 2009 was not approved by the Auckland University of Technology Council until March 2009.

NOTE 39: EXPLANATION OF VARIANCES AGAINST BUDGET

Explanations for major variances against budget information are as follows:

Income Statement

Government operational funding

Government operational funding was \$3 million ahead of budget. \$2.5 million was provided to partially compensate for the additional 753 EFTS enrolled during the year. PBRF was \$380,000 above budget and tri-partite salary funding was \$375,000 above budget. Other Government grants were \$250,000 below budget.

Student tuition fees

Student tuition fees were \$9 million ahead of budget due to above budget enrolments. Domestic EFTS were 753 above budget and International EFTS 150 EFTS above budget resulting in increased domestic fees of \$5.5 million and increased International fees of \$3.5 million.

Research grants

Net research grants for the year were \$8.4 million which was \$1.8 million below the budgeted \$10.2 million. Actual research grants received during the year were \$400,000 above budget at \$10.6 million, but this was offset by the deferment of \$2.2 million being the research uncompleted at year-end.

Personnel costs

Personnel costs were \$5.1 million above budget. The University improved the accuracy of its holiday pay system resulting in leave accruals increasing by \$1.8 million. Academic staff reduced by 3%, from 929 to 904 FTE resulting in \$1.7 million restructuring costs. Salary accruals and other staff entitlements, including Kiwi-saver contributions, were \$1.2 million above budget.

Balance Sheet

Trade Debtors and other receivables

Trade debtors and other receivables were \$1.9 million above budget. \$1.1 million related to grants outstanding from the Tertiary Education Commission and \$785,000 to increased student debtors.

Investment in jointly controlled entity

In 2009, the University invested \$10.8 million in the AUT/Millennium Ownership Trust (AMOT). This was budgeted under property, plant and equipment.

Property, plant and equipment

Property, plant and equipment (PPE) was \$6.5 million below budget. This was mainly due to the \$10.8 million investment in AMOT being reclassified as "investment in jointly controlled entity" offset by \$3.7 million of projects completed in 2009 but budgeted in 2008.

Intangible assets

Intangible assets were \$2.1 million below budget. \$725,000 of software development was written off as impaired and no programme development was capitalised during the year (2008: \$1 million).

Trade and other payables

Trade and other payables were \$7 million above budget. This mainly comprised an increase in GST, PAYE and general accruals of \$3.4 million each, offset by a decrease in salary accruals of \$3.3 million.

Income in advance

Income in advance was \$7 million above budget. This comprised \$3 million of student fees paid in advance for tuition in 2010, \$2.2 million of unearned research income (refer "Research grants" above) and \$1.8 million of sundry accrued revenue.

NOTE 39: EXPLANATION OF VARIANCES AGAINST BUDGET (continued)

Balance Sheet (continued)

Employee entitlements

Employee entitlements were \$4.1 million above budget. This comprised \$1.8 million accrued annual leave and \$1 million salary accrual (refer "Personnel costs" above), plus a \$1.3 million accrual for research and study leave.

Bank borrowings

Bank borrowings were \$9.5 million below the budget of \$58.2 million at year end. This was due to above budget receipts from Government grants (\$8.5 million), student fees (\$8.2 million) and GST (\$3.9 million), offset by unbudgeted repayment of finance lease borrowings (\$6.4 million) and a \$5 million decrease in receipts from service provided activities.

Finance lease borrowings

Finance lease borrowings were \$3.4 million less than the budget of \$41.2 million. This was due to incorrect budgeting of finance lease repayments– refer "bank borrowings" above.

Statement of Cash Flows

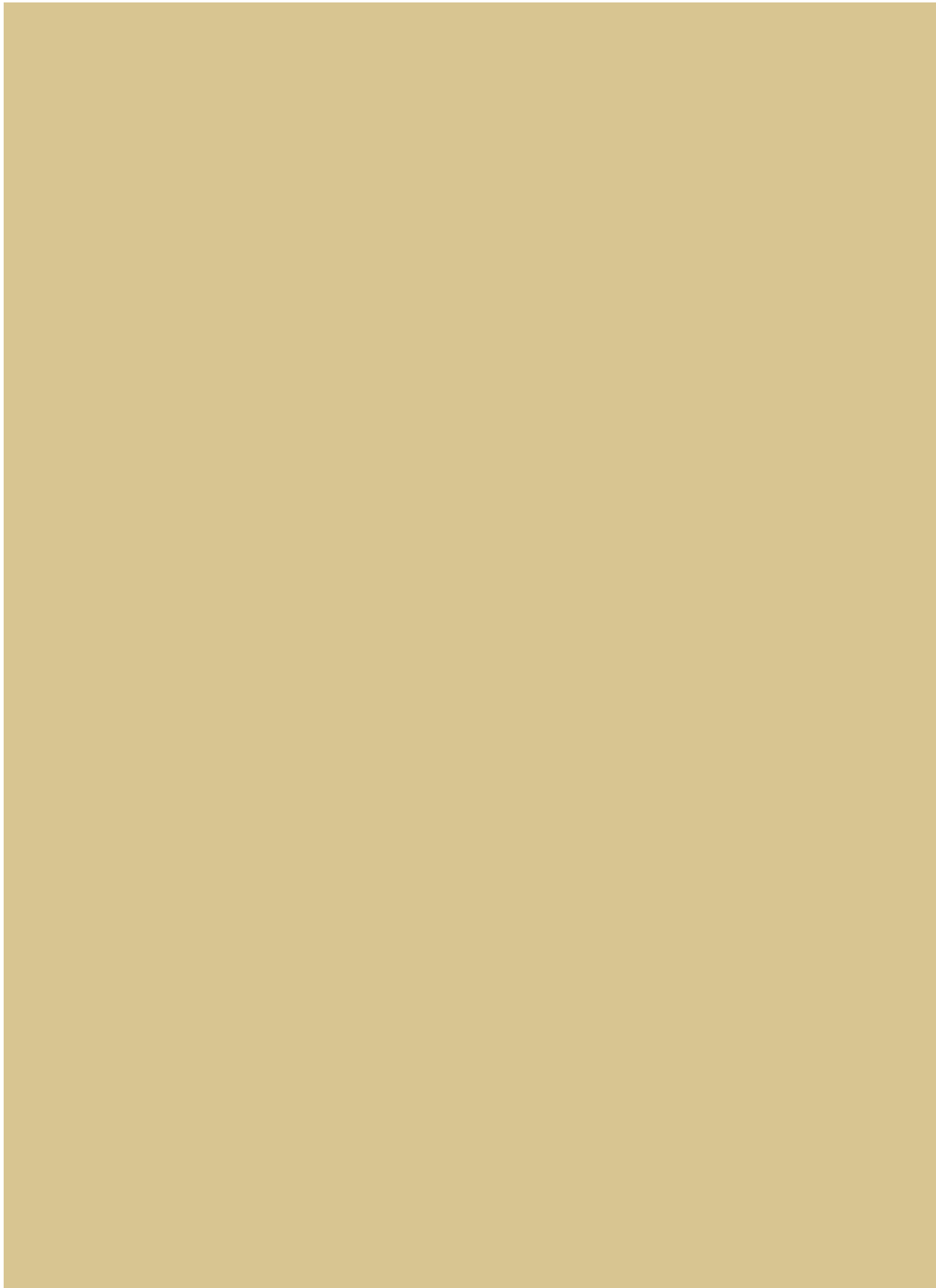
The explanation for "Bank borrowings" above explains the Cash Flow variances.

NOTE 40: EVENTS AFTER THE REPORTING PERIOD

On 2 February 2010, the University made a capital contribution payment of \$3 million to AUT/Millennium Ownership Trust, in accordance with the Contribution Agreement dated 18 February 2009, as part of the capital contribution balance of \$7.5 million (see Note 30) committed at the end of the reporting period.

NOTE 41: COMPARATIVE FIGURES

Certain comparative figures in the prior year have been reclassified to conform with this year's presentation.



DIRECTORY

THE COUNCIL OF THE AUCKLAND UNIVERSITY OF TECHNOLOGY

For the Year Ended 31 December 2009

Chancellor

The Rt Revd and The Hon Sir Paul Reeves
ONZ, GCMG, GCVO, QSO, KStJ, MA, LTh
Co-opted Member

Pro-Chancellor

Jocelyn Martin LLB
Appointed by the Minister of Education

Secretary to Council

Dr Andrea Vujnovich
LLB (Hons), MSc (Hons), PhD (Auckland)
Legal Counsel and Director of Governance

Members

Uluomatootua Aiono BSc, MBA
Appointed by the Auckland University of Technology Council (after consultation with Pacific Island organisations and communities of New Zealand)

Dr Alan Cocker MA (Hons), PhD (Auckland)
Elected by the Academic Staff of the Auckland University of Technology

Derek Craig
Appointed by the Auckland University of Technology Council
(in consultation with the Associations of Employees)

Andre D'Cruz
Appointed by the Auckland Student Movement at Auckland University of Technology

Filomena Davies BA (Hons), NZLSC, ALIANZA
Elected by the General Staff of the Auckland University of Technology

Dr Henry Duncan BSc, MS, PhD (UCLA), Dip Tchg
Appointed from the nominations of the Auckland University of Technology Academic Board

Philippa Dunphy BHSc, CFA
Co-opted Member

Rangimarie Naida Glavish JP
Appointed by the Auckland University of Technology Council
(after consultation with, and from the nominations of, the local iwi)

Lex Henry LLB
Appointed by the Minister of Education

John Hill BArch (Hons)
Appointed by the Minister of Education

Pauline Kingi CNZM, BA, LLB, LLM, Dip Crim
Appointed by the Auckland University of Technology Council (after consultation with, and from the nominations of the Auckland District Māori Council)

Jennie Law
Appointed by the Minister of Education (resigned September 2009)

John Maasland
Appointed by the Auckland University of Technology Council
(in consultation with the Central Organisation of Employers)

Derek McCormack MSc, Dip Tchg
Vice-Chancellor of the Auckland University of Technology

Veronica Ng Lam
Appointed by the Auckland Student Movement at Auckland University of Technology

John O'Hara MBIE
Appointed from the nominations of the Auckland University of Technology Alumni Association Inc

Paul Phillips BE, MBA
Co-opted Member

James Schofield BCom, MSc (Econ), FCA
Co-opted Member

OFFICERS OF THE AUCKLAND UNIVERSITY OF TECHNOLOGY

For the Year Ended 31 December 2009

Vice-Chancellor

Derek McCormack MSc, Dip Tchg

Deputy Vice-Chancellor and Pro Vice-Chancellor (Learning and Teaching)⁵⁸

Professor Robert Allen BA (Econ), PhD (Edinburgh)

Pro Vice-Chancellors and Deans

Pro Vice-Chancellor (International)
Dean, Faculty of Business and Law

Professor Des Graydon BCom, CA

Pro Vice-Chancellor
(Research and Development)

Professor Ian Shirley MA (Hons), PhD (Massey)

Pro Vice-Chancellor (Māori Advancement)
Pro Vice-Chancellor (Learning and Teaching)⁵⁹
and Dean, Te Ara Poutama

Associate Professor Pare Keiha QSO, MSc,
MComLaw, MBA, PhD (Auckland), FRSA

Pro Vice-Chancellor (North Shore)
Dean, Faculty of Health and Environmental
Sciences

Professor Max Abbott BA, BSc, MA (Hons),
PhD (Canterbury), TColDip (Dstn), DipClinPsych,
MNZCC, RegPsych, MRSNZ

Pro Vice-Chancellor (Manukau City)
Dean, Faculty of Design and Creative
Technologies⁶⁰

Dr Kathryn Garden PhD (Canterbury), FIPENZ, MRSNZ

Pro Vice-Chancellor (Innovation and
Enterprise)

Professor Philip Sallis PhD (London), DipGrad (Otago),
FNZCS, MRSNZ, MACM, MIEEE

General Managers

University Relations and Advancement
Finance and Estates
Services and Operations

Vivien Bridgwater Dip Tchg
Judith McKay BA, BCom, CA, MInstD, MNZSCT
John Williams BCom, LLB

Head of the Vice-Chancellor's Department⁶¹

Richard Hall OBE, MNZM, MA

Legal Counsel

Dr Andrea Vujnovich LLB (Hons), MSc (Hons),
PhD (Auckland)

Internal Auditor

Alastair Burrows MIIA, AIIA (NZ)

Bankers

ANZ National Bank Limited

Auditor

Audit New Zealand on behalf of the Auditor-General

⁵⁸ Professor Robert Allen relinquished the Pro Vice-Chancellor (Learning and Teaching) role in September 2009. Associate Professor Pare Keiha assumed this role from October 2009

⁵⁹ As per footnote 58

⁶⁰ Dr Kathryn Garden left AUT University in July 2009. Professor Des Graydon was appointed as Acting Dean of the Faculty of Design and Creative Technologies for the remainder of 2009

⁶¹ Dr Geoff Perry was appointed as Acting Head of the Vice-Chancellor's Department from August 2008 until April 2009

INDUSTRY ADVISORY COMMITTEES

Following is a list of the Industry Advisory Committees and their respective Chairs.

FACULTY OF APPLIED HUMANITIES

Centre for Refugee Education	Abdirizak Abdi , MoE, Auckland Regional Office
Education – Career	Gabrielle Riley , Electricians ITO
Education – Early Childhood	Valma Wills , Meadowood Community Crèche
Education – Pasifika ECE Diploma	Dr Mere Kepa , Community Sailau Simanu , Community
Education – Postgraduate	Mary-Liz Broadley , Open Polytechnic of New Zealand
Education – Primary	Paul Engles , St Mary's School
Education – Secondary	Sonia Joyce , Orewa College
Education – Tertiary	Janet Williams , AUT University
English for Speakers of Other Languages (ESOL)	Dr N Rasalingham , Refugee Council of New Zealand, Auckland Multicultural Society
Hospitality and Tourism	David Comery , Waipuna Hotel and Conference Centre
International Languages	Caroline Lassiter , Auckland City Council
Language Teacher Education	Sue Gray , Auckland College of Education
Social Sciences	Dr Oksana Opara , AUT University

FACULTY OF BUSINESS AND LAW

Dean's Advisory Board	Mark Porath , Porath Executive Search
MBA Advisory Committee	Frank Olsson , Chairman of Auckland Chamber Orchestra
Programmes Advisory Committee	Rory Walker , New Zealand Post Terry Patterson , IAS New Zealand

FACULTY OF DESIGN AND CREATIVE TECHNOLOGIES

Communication Studies	Larry Summerville , Big FM
Computer and Information Science	Jan Hilder , IPAAX New Zealand
Construction Management	Dan Ashby , Hawkins Construction Ltd
Electrical and Electronic Engineering	Tim Otley , TruTest Ltd
Fashion Technology	Alternating: Peter Meadowcraft , Global Textiles Ltd Geoff Merz , Merz & Associates Ltd
Graphic Design	Kerenza Smith , Designsmith Ltd
Mathematical Science	Row Robinson , Mercury Energy
Mechanical and Production Engineering	Tony Wright , New Zealand Steel
Spatial Design	Briar Green , Stanish & Green Architects
Visual Arts	Ron Brownson , New Zealand and Pacific Art, Auckland City Art Gallery

FACULTY OF HEALTH AND ENVIRONMENTAL SCIENCES

Adult and Child Psychotherapy	Pauline Andrews , Psychotherapist, Private Practice
Applied Mental Health	Melinda Gama , SWANZ
Applied Sciences	Dennis Karl , Tegel Foods Limited
Dance	Dagmar Simon , Dance Teacher
Medical Laboratory Science	Colleen Behr , New Zealand Blood Service
Midwifery	Anne Yates , Director of Midwifery, Auckland District Health Board
Nursing	Anne Fitisemanu , Counties Manukau District Health Board
Occupational Therapy	Chris Polaczuk , ACC
Oral Health	Pam Brennan , Auckland Regional Dental Service
Paramedic and Emergency Specialities	Major Brendon Wood , Ministry of Civil Defence and Emergency Management
Physiotherapy	Darren Knight , ACC Auckland Branch
Podiatry	Michele Garrett , Podiatrists Board of New Zealand
Postgraduate Psychology	Associate Prof Douglas Boer , University of Waikato
Sport and Recreation	Mike Lacey , YMCA North Shore



AUT UNIVERSITY MARCH 2010
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